

INTERNATIONAL Herald Tribune

The World's Daily Newspaper

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

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London, Saturday-Sunday, January 23-24, 1999

No. 36,046

TODAY:
Quarterly Funds Review, Page 15
MONEY

IOC Scandal Hits Sydney; Cash Bribes Reported

Australian Official Says He Offered \$70,000 To Africans Before Vote

The Associated Press

LAUSANNE, Switzerland — The Olympic corruption scandal grew dramatically Friday when an Australian official said he offered \$70,000 in inducements to two African IOC members the night before Sydney won the 2000 Summer Games by two votes.

Australia's senior International Olympic Committee member, who said he was not involved in the offer, acknowledged that it could be considered a bribe and bring demands for Sydney to be stripped of the Games.

The latest development in the growing crisis came on the same day that a Libyan delegate became the second IOC member to resign amid vote-buying allegations in Salt Lake City's selection as host of the 2002 Winter Games. (Page 19)

John Coates, president of the Australian Olympic Committee and a leader of the 2000 Sydney bid, said he offered \$35,000 apiece to two African national Olympic committees, according to Australian news reports.

The offers were made at a dinner in Monte Carlo on Sept. 22, 1993, the night before Sydney won out over Beijing for the 2000 Games, Mr. Coates reportedly said.

"I thought it was necessary for us to show our commitment to those NOCs with a view to winning those votes," he said.

A call for Juan Antonio Samaranch to resign. Page 19.

Sydney Morning Herald quoted Mr. Coates as saying, "My view was it might encourage them to consider their votes for Sydney."

Sydney won, 45 to 43.

Mr. Coates reportedly denied that the money was a bribe and said it helped support sports in the African countries.

Details of the offer were contained in a package of previously confidential bid documents released to Australian news media by Mr. Coates, who was in Australia and not immediately available for comment.

The documents also disclosed that Mr. Coates wrote to the delegates a month before the vote, offering to put them up at Sydney's expense at the luxury Dorchester Hotel in London on their way to Monaco.

Kevan Gosper, an IOC executive-board member from Australia, said the reports indicated that the inducements offered by Mr. Coates went "beyond goodwill."

"It seems that John's decision was intended to influence the IOC members' thinking," Mr. Gosper said. "The perception may not match John's intention, the event having taken place the night before the vote."

"I can see this being viewed as questionable conduct. The perception will be quite damaging to Sydney. It's a very serious revelation. I think a lot of people will be destabilized."

Mr. Gosper was a senior official in the Sydney bid, but he said he was unaware of the offers until a journalist called him Friday.

Mr. Gosper said he immediately brought the matter to the attention of the IOC president, Juan Antonio Samaranch, on Friday. He described Mr. Samaranch's reaction as "one of serious concern."

Mr. Gosper said the revelations were serious enough to raise the issue of whether Sydney should keep the Games.

"I can't rule it out that some may call for the Games not to proceed in Sydney," he said, indicating that even some IOC officials may feel that way. "I think the Chinese reaction will be important. There were really only two cities in the race."

Mr. Gosper said he would urge the IOC this weekend to endorse the 1993 vote awarding the Games to Sydney. He also called for all of Sydney's documents to be made public and said the IOC should consider a full-scale inquiry into the city's bid.

Mr. Gosper did not rule out that Mr. Coates would resign over the matter. He said he had not spoken to Mr. Coates directly, but defended him as an "extremely competent" and "first-rate" Olympic chief.



Mr. Clinton speaking at the National Academy of Sciences as Sandy Berger, national security adviser, looks on.

Marketing John Paul II

Uproar Over a Selling Frenzy in Mexico

By John Ward Anderson
Washington Post Service

MEXICO CITY — Pope John Paul II arrived in Mexico on Friday, and the Roman Catholic Church assembled an all-star roster of corporate sponsors for his visit. Among the more than two dozen "official sponsors": PepsiCo, Federal Express Corp., Sheraton Hotels, Eastman Kodak Co., Hewlett-Packard, and Mercedes-Benz.

The sponsorships, designed to help defray the estimated \$2 million cost of the four-day visit, have outraged many Mexicans. Critics complain that the church and the Mexican government have adequate resources to pick up the tab rather than permit defiling of the Pope's image through commercialization.

Church officials here said that without the sponsorships they might have had to charge people — many of them poor — to attend the Pope's appearances during his fourth visit to Mexico. He leaves Mexico Tuesday for St. Louis and a meeting with President Bill Clinton.

The bill for such visits is usually paid by the host country and its branch of the Catholic Church, and sales of papal memorabilia have often helped cover costs. But in Mexico, in the view of religious scholars as well as many

priests and church members, the mixing of the spiritual and the commercial has gone overboard.

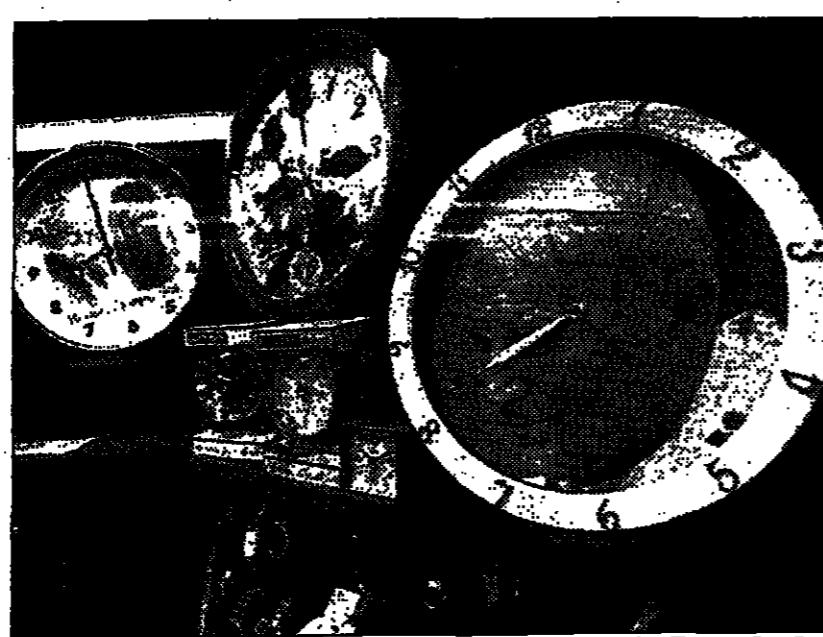
"They've sold the Pope's image before, but they've never done it in such a corporate way, as if it were a soccer World Cup," said Elio Masferrer, president of Mexico City's Latin American Association for Religious Studies. He said the practice illustrates the rise of "the theology of prosperity" within the church.

The sponsorship generating the most controversy is that of the Mexican snack food company Sabritas, which is owned by Frito Lay, which in turn is owned by PepsiCo Inc. The company has stuffed bags of Ruffles potato chips with stamp-like pictures of John Paul II and the Virgin of Guadalupe, Mexico's patron saint. The pictures have devotional messages on the back. For an extra 2 pesos (21 cents), one can buy a special frame to display the 10-picture collection.

In a play on the word *papa*, which in Spanish means both potato and Pope, the Reforma newspaper ran a satirical full-page ad for Sabritas' "Fried Hosts," calling them "Las Papas del Papa," or "Potatoes of the Pope."

"It's not bad that church officials try to market the Pope, but they have managed the campaign with great clumsiness," said one church official.

See POPE, Page 13



A shop at Mexico City's Basilica de Guadalupe sells papal memorabilia.

U.S. Seeks Ultimatum to Bring Self-Rule to Kosovo

By Joseph Fitchett
International Herald Tribune

PARIS — The administration of President Bill Clinton wants NATO to issue an ultimatum to Serbia threatening military attack unless Belgrade immediately concedes self-rule for the ethnic Albanian majority in Kosovo, U.S. officials said Friday.

After the latest escalation in bloodshed and mistrust, the only hope of stabilizing the Kosovo situation, the U.S. officials said, lies in getting Mr.

Milosevic to accept a political deal amounting to a de facto recognition of self-government.

That outcome, if immediate, might help moderate factions in Kosovo regain the upper hand over the hard-line separatists who have been spurred in their campaign of violence for independence by the harsh tactics of Serbian police and special forces, the sources said.

Agreeing that an ultimatum might prove unavoidable, European officials said a final threat of military action — in effect, war with Serbia — should come

only after a last round of negotiations with Belgrade and preferably after a meeting of foreign ministers of the six mediating states: the United States, Britain, France, Germany, Italy and Russia.

In effect, the European approach would set the deadline in 10 days' time, because Secretary of State Madeleine Albright will be in Paris and London late next week, after a stop in Moscow.

Officials from the six-nation contact group met Friday in London to discuss the political agenda in Kosovo before and after any air strikes, and a European

official said that the session had been "constructive" in framing a consensus on autonomy for the ethnic Albanians.

"If we launch an ultimatum, it should come from allied governments acting together so that we all share the full responsibility for implementing the threat if Belgrade refuses to comply," a European official said. So far, the Clinton administration has taken the view that NATO already would have the authority to proceed with an ultimatum

See KOSOVO, Page 4

See CLINTON, Page 3

Russia's 'Stealth' Bluff: Rollout of Fighter That Hasn't Been Built

By David Hoffman
Washington Post Service

MOSCOW — With much fanfare on a snowy tarmac at the Zhukovsky test field last week, Russia rolled out its long-awaited fifth-generation "stealth" fighter jet in front of dignitaries that included the minister of defense, Igor Sergeyev.

The plane, with the number 01 on the fuselage, was hailed by Mr. Sergeyev as a "revolution in the Russian Air Force."

Mikhail Korzhev, director of the MiG company, which designed the plane, boasted: "If this

plane was used to beat off the British-American air raids on Iraq, 90 percent of all the launched guided weapons, including cruise missiles, would be shot down before they reached targets on the territory of Iraq."

But there was just one problem. The plane on the tarmac was not the plane they were talking about. In fact, the plane they were talking about does not exist, except on the drawing board, and may never be built.

Instead, the Russian designers substituted a more ordinary jet fighter, which itself has never flown, and was built for testing engines. It is not

clear exactly why the Russians staged the event, but disclosure that they faked what they described as a fighter for the 21st century has stirred heated exchanges in recent days.

Alexander Zhitin, a journalist for the newspaper Moscow News, who had once been an aerospace magazine correspondent, was invited to the roll-out by Yevgeni Shaposhnikov, one-time Soviet defense minister and now adviser on aviation to President Boris Yeltsin.

Rumors had circulated for years about Russia's top-secret stealth fighter. Some specialists had quoted as saying the program had run out of money.

But the ceremony offered a tantalizing look at the plane and suggested the program was still alive.

Mr. Zhitin recalled when he saw the plane at the Jan. 12 event: "It was taken aback." It was not the long-rumored stealth interceptor. It was something else.

At first, Mr. Zhitin said in an interview, he thought perhaps the Russian secret services had staged an elaborate deception, to fool foreign intelligence services. But, he said, "the plane was too roughly made" to even qualify as a decoy.

See PLANE, Page 4

Newspaper Prices		
Bahrain	1,000 BD Muta	55 c
Cyprus	C £ 1.00 Nigeria	12,000 Naira
Denmark	17 Dkr Oman	1,250 OR
Finland	12.00 FM Qatar	10.00 CR
Gibraltar	£ 0.85 Rep. Ireland	10 SR
Great Britain	£ 1.00 Saudi Arabia	10 SR
Egypt	£ 5.00 S. Africa	16 BD and VAT
Jordan	1,250 JD U.A.E.	10.00 DN
Kenya	K Sh. 100 U.S. M.	£ 1.20
Kuwait	700 Fils Zimbabwe	2m. 540.00

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Russia Rejects Any Changes in ABM Treaty

By Daniel Williams
Washington Post Service

MOSCOW — Russia on Friday flatly rejected any changes in the Anti-Ballistic Missile Treaty with the United States, and it implied that Clinton administration proposals to amend the accord and build a missile defense shield would undermine efforts at mutual nuclear arms reductions.

The rejection was the first response to a letter that President Bill Clinton wrote to President Boris Yeltsin informing him of the administration proposal. The budding dispute compounds a distinct cooling of relations between Moscow and Washington over issues ranging from Kosovo to Iraq to NATO expansion.

Despite the U.S. administration's assurance that the proposed \$6.6 billion anti-missile system is aimed at potential nuclear states like North Korea or Iran, Russia quickly saw it as the initiation of a new arms race, which Russia in its destitute condition, is bound to lose.

Foreign Minister Igor Ivanov was asked by a reporter if Russia would consider altering the 1972 ABM Treaty. "No," he said, "I'll say that straightaway."

He asserted that the United States "recognizes" that the ABM Treaty is "the cornerstone of further cuts in strategic offensive weapons" and was confident Washington would make no changes.

General Leonid Ivashov, head of the Defense Ministry's international cooperation desk, said bluntly that canceling the treaty would be a "violation of strategic stability" and give the United States decisive supremacy over Russia.

The responses came just days before a scheduled visit by Secretary of State Madeleine Albright to Moscow. She will meet a Russian diplomatic corps dedicated to countering American influence in the world. Here, talk of a potential partnership, a goal once promoted by both Mr. Clinton and Mr. Yeltsin, is now more frequently reserved for Europe, and even China and India.

Mr. Ivanov, who reviewed Russian foreign policy at a press conference, served up a virtual alphabet of disputes with Washington.

He repeated Russia's opposition to the use of force in Kosovo to deter Serbia's military assaults on the breakaway province. Russia "cannot agree with attempts to formalize the use of force" by the North Atlantic Treaty Organization outside its area and "without the United Nations Security Council's consent," he said.

He called air strikes on Iraq "a serious mistake" and placed Russia firmly against American efforts to isolate Iran. Moscow would continue to cooperate with the Islamic state, he said, a reference to the construction of a Russian-made nuclear reactor there.

His remarks followed lines laid out three years ago by Prime Minister Yevgeni Primakov, who was then foreign minister. Mr. Primakov designed a rot-

ation policy meant to distance Russia from the United States, bring it closer to Western Europe and Asian countries, and, through these "multipolar contacts," restore Moscow's global influence.

Apparently in a reference to the United States, Mr. Ivanov said that in 1998, "Some still wanted to drive the world into a narrow framework, which runs counter to the right of countries to effectively participate."

Nonetheless, "Russia not only managed to retain the status of one of the key players in the international arena, but also to strengthen it," he said.

Mr. Ivanov tried to soften the impression that a new Cold War was brewing. "Iranians can be found even in a family," he said. "These disagreements should not be allowed to grow into open confrontation with our countries."

Another Russian official, Deputy Prime Minister Yuri Maslyukov, seemed to give way on a topic that Mrs. Albright will take up next week: the secret transfer of missile technology to Iran. Mr. Maslyukov undercut Russia's previous denials that its scientists had passed on long-range missile technology to Tehran. He said in a television interview that "some of the cases" that the United States had presented "turned out to be true."

To punish the technology transfer, the Clinton administration has placed sanctions on a dozen Russian scientific institutions and threatened to forbid U.S. companies from launching satellites on Russian boosters. The satellite business is worth millions of dollars to the Russian space industry.



Foreign Minister Ivanov speaking Friday in Moscow on the U.S. plan.

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■ U.S. Gives Russia Assurances

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"It's the basis of an arms control regime that has now existed for decades and one that we are committed to," Mrs. Albright said at a joint news conference with Foreign Minister Edward Kušan of Slovakia.

BRIEFLY

France Jails 3 for Aiding Insurgents in Algeria

PLÉVRY-MÉROGIS, France — A court convening in a prison gymnasium Friday convicted three men of heading support networks for Islamic insurgents in Algeria in a verdict that closed France's largest trial.

Mohamed Chalabi, Mound Tacine and Mohamed Kerrouche were all sentenced to eight-year prison terms. The prosecution had demanded the maximum sentence of 10 years.

The three men were among 24 of the 138 defendants kept in detention since their arrests in police sweeps in 1994 and 1995. The 21 others held in jail were sentenced to prison terms ranging from four to six years. The court dismissed charges against 51 people. Mr. Kerrouche, Mr. Tacine and Mr. Chalabi were named as the head of the networks. (AP)

Turkey Now Says Ocalan Is No Longer in Russia

MOSCOW — The Kurdish rebel leader Abdullah Ocalan was not in Russia, the country's foreign minister said Friday, countering claims made by Prime Minister Bülent Ecevit of Turkey.

Mr. Ecevit said Thursday his country was convinced that Mr. Ocalan was in Russia. But after hearing comments by the Russian foreign minister, Igor Ivanov, on Friday, Mr. Ecevit said Mr. Ocalan was no longer in Russia. (AP)

For the Record

Boris Yeltsin's treatment for a stomach ulcer was going "according to plan" and his vital signs were normal, but a meeting with Secretary of State Madeleine Albright planned for next week was in doubt, a spokesman for the Russian president said. Mr. Yeltsin, 57, was hospitalized Sunday.

The week's unrest was a sharp reminder of how far Romania has to go to catch up to more prosperous and stable former Soviet-bloc allies now on the threshold of membership in the European Union and NATO, which Romanians also are keen to join.

Although it defeated former communists in 1996 elections, the four-party governing coalition has been hampered by infighting and slow to retool the rigid, state-planned economy. Foreign investment is much lower than in neighboring Hungary, and investors complain of bureaucracy, corruption and tepid reforms.

(AP, AFP)

Two 10-year-old girls whose disappearance provoked a manhunt across Britain have been found safe and well after three days, police said. A 46-year-old man in Eastbourne, southern England, has been arrested, police said. (Reuters)

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.



Maps, forecasts and data provided by AccuWeather, Inc. 616-268-1000 • <http://www.accuweather.com>

North America

Southern rain and thunderstorms along the East Seaboard Sunday will be followed by dry and somewhat cool weather for most of the week. Showers will precede the return to wetter weather in the Midwest, Peter and Andrew Jackson said. It will be dry and moderately chilly. A storm from Madrid through Roma to Calabria on Sunday and snow to the inland mountains.

(AP, AFP)

Europe

Cloudy weather will begin to rain dampen Tokyo Sunday and Monday. Showers are possible around Seoul and Beijing. Turning dry and cold on Tuesday. Shanghai and Tianjin may have some snow on Sunday. Hong Kong is mainly dry and sunny, but will be hot and muggy with occasional showers.

(AP, AFP)

Middle East

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(AP, AFP)

Missile Defense: U.S. Weighs Risk To Chinese Ties

By Elizabeth Becker
New York Times Service

WASHINGTON — Having planned a major outlay for defensive missile, the Clinton administration now faces a major diplomatic and military quandary with China.

The sensitivities are so acute that the administration has twice delayed sending Congress a classified report on a proposed missile system to defend Japan, South Korea and Taiwan, plus the region of U.S. troops stationed in the region of officials said Thursday.

Anticipations arose when North Korea fired a ballistic missile over Japan and into the Pacific Ocean on Aug. 31. Sensitivities also are involved in U.S. plans to develop and test a limited national system of missile defense, at a proposed cost of \$10.5 billion over six years.

This development may also involve the renegotiation of agreements with Russia.

During a tour of Japan this month, Defense Secretary William Cohen met with top Japanese officials to discuss a joint venture to develop regional missile defenses. Immediately, the Chinese accused the United States of trying to start a "revival of Japan's military ambitions."

As a result, in Washington, "They've gone over the draft several times," said an administration official who has seen the documents. "No one wants China to be offended."

After the North Korean missile firing, Japanese public opinion shifted nearly overnight toward supporting such a system, and the Japanese Parliament approved joint research with the United States after years of quietly funding off-U.S. proposals.

The flight of the North Korean missile with its greatly increased range also raised alarm in Congress and the Clinton administration. The 37,000 U.S. troops based in South Korea and nearly 50,000 others serving in Japan appeared far more vulnerable, officials said, to the improved North Korean missile system.

Since North Korea remains dependent on China, the administration immediately asked the Chinese to persuade Pyongyang to demonstrate that it would stop firing missiles over Japan, but to no avail.

China is directly at issue in the question of defending Taiwan, which is threatened only by Chinese missiles. Since the early 1990s, China has more or less doubled, to several hundred, the number of missiles on the coast facing Taiwan. And any system protecting Taiwan would have to be crafted to neutralize those Chinese missiles.

This creates a double blow, in the Chinese view, that makes any proposed system look like an offensive weapon aimed at Beijing and not just a shield against it.

"One of the biggest ironies of this debate is that it was China's client — North Korea — that brought this debate into full daylight and that is causing such problems for China," said Richard Armitage, a former Defense Department official.

The missile defense plan is expensive and as yet unproven; it will be years before such a system could be ready, which is one of the arguments the administration is making to the Chinese to calm their fears.

But while administration officials continue to debate how to sell the idea to China, there is little doubt that the research will go ahead.

The administration plans to give the classified report to Congress next week.

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Eloquent Defense Enthralls Senate

Relaxed and Wry, Bumpers Calls for an 'End to This Nightmare'

By R.W. Apple Jr.
New York Times Service

WASHINGTON — In a speech of rare eloquence, former Senator Dale Bumpers of Arkansas concluded the defense of President Bill Clinton on impeachment charges, coupling an admiring of Mr. Clinton's sins and weaknesses with a plea for his acquittal for the good of the nation.

"The American people now and for some time have been asking to be allowed a good night's sleep," the silver-haired Mr. Bumpers told the 100 senators, who hung on his every word Thursday as they very rarely do for anyone. "They're asking for an end to this nightmare. It is a legitimate request."

Recalling that James G. Blaine of Maine had concluded, 20 years after voting to convict President Andrew Johnson in 1868, that he had "made a bad mistake," because conviction would have created chaos, Mr. Bumpers cautioned: "So it is with William Jefferson Clinton. If you vote to convict, in my opinion, you're going to be creating more havoc than he could ever possibly create. After all, he's only got two years left."

His warning gained weight from his excoriation of the president's conduct with Monica Lewinsky, the former White House intern. Their illicit sexual affair underlies the two articles of impeachment.

"Why, Mr. Bumpers asked, did Mr. Clinton, by his own admission, deceive his family, his friends, his cabinet and the American public?"

"We know this whole affair was about to bring unspeakable embarrassment and humiliation upon himself, his wife, whom he adored, and a child that he worshipped with every fiber in his body and for whom he would happily have died to spare her this or to ameliorate her shame and her grief."

"We are none of us perfect. Sure, you say, he should have thought it all out beforehand, and indeed he should, just as Adam and Eve should have."

The president may not have welcomed Mr. Bumpers' description of his behavior as "indefensible, outrageous, unforgivable, shameless," or his acknowledgment that perhaps the president deserved no compassion. But that surely undercut any thought that he was standing up for Mr. Clinton out of unquestioning friendship.

Relaxed and discursive, strolling back and forth in the well of the Senate — not standing stock-still behind a lectern as many others have done — and eschewing legal fine points, Mr. Bumpers introduced humor into the sober proceedings for the first time in six tense days. Several of his self-deprecating asides drew guffaws. But he also spoke feelingly of the emotional devastation Mr. Clinton has caused for his wife and daughter.

The Clintons "have been about as decimated as a family can get," the former senator said in one of the most explicit comments any friend has made to date on the psychological toll of the president's conduct. "The relationship between husband and wife, father and child, has been incredibly strained, if not destroyed."

Mr. Bumpers' powerful presentation may or may not have changed many Republican minds, and Republicans have a majority in the Senate. But he surely stiffened the backs of any Democrat who may have thought even fleetingly of deserting the president, and that is all Mr. Clinton ultimately needs: the votes of 45 Democrats to make it constitutionally impossible for the Senate to muster the two-thirds vote it needs to oust the president.

A highly technical two-hour appearance by the president's personal attorney, David Kendall, was reduced almost to the status of a footnote by the Bumpers speech. One by one, Mr. Kendall rebutted five separate charges of obstruction of justice contained in Article II. Many of them also were covered in Article I, the perjury article, so he plowed little new legal ground.

Mr. Bumpers, whose fourth term expired only a few weeks ago, began by mocking himself. He said his audience

was about the same size as all the audiences he had drawn in his 24 years as senator combined.

"You can take some comfort, colleagues, in the fact that I'm not being paid," he said. "And when I'm finished, you'll probably think the White House got its money's worth."

Like others on the defense team, he took the House managers to task for having stretched evidence beyond the bounds of common sense. But he softened his criticism with the comment "It's wanting to win too badly."

He, too, spoke caustically of the "five-year, relentless, unending investigation" by Kenneth Starr, the independent counsel, describing it as "maybe the most intense investigation not only of a president but of anybody, ever."

Inspector Javert's pursuit in "Les Misérables" of Jean Valjean "pales by comparison," he said.

He responded directly to those, including Representative Henry Hyde of Illinois, the chief prosecutor, who have suggested that the United States was diminished as a force in the world by having "a presidential perjuror" in office. "This nation has never enjoyed greater prestige in the world than we do right now," Mr. Bumpers said.

In support, he cited comments made recently by President Carlos Menem of Argentina, President Vaclav Havel of the Czech Republic, King Hussein of Jordan and President Nelson Mandela of South Africa.

Mr. Bumpers argued at some length that there was perjury and perjury, that some lies told under oath were worse than others. There is "a very big difference," he said, between perjury about marital infidelity in a divorce case and perjury in a murder case about buying the murder weapon.

To charge somebody with the first, and punish them as though it were the second, stands our sense of justice on its head," he told the senators, many of whom are also lawyers. "There is a total lack of proportionality, a total lack of balance in this thing. The charge and the punishment are totally out of sync."

"It is the opinion of the House man-



Dale Bumpers, summing up before Mr. Hyde, said conviction would cause more chaos than Mr. Clinton could. (The Associated Press)

CLINTON: Predictable Answers Are Given to Partisan Questions

Continued from Page 1

Mr. Clinton of perjuring himself and obstructing justice in his attempts to conceal an intimate relationship with the former White House intern, Monica Lewinsky.

But as the chief justice of the United States, William Rehnquist, took written questions first from one side of the aisle and then the other, and read each in turn, the result was a sometimes awkward mixture of jabs by each legal team at the other, of more or less powerfully made points, and of arcane legal argument.

The overall result did not appear greatly to favor either side.

The first question came from four Republican senators: Wayne Allard of Colorado, Jim Bunning of Kentucky, Paul Coverdell of Georgia and Larry Craig of Idaho, and was directed to the prosecution team:

"Is it the opinion of the House man-

agers that the president's defense team in the presentation, mischaracterized any factual or legal issue in this case? If so, please explain."

One manager, Representative Ed Bryant of Tennessee, rose to respond. "There are a number of mischaracterizations and statements which we disagree with," he said.

The case against Mr. Clinton, he said, was much more than the "she-said he-said" case White House lawyers described. He insisted that there was "ample corroboration," including phone logs, Secret Service logs and the "incredible memory" of Ms. Lewinsky herself.

After Mr. Bryant's nine-minute response, which Justice Rehnquist did not cut off, the next question came from a Democratic senator, Paul Sarbanes of Maryland, who merely asked the White House lawyers to respond to Mr. Bryant.

The White House counsel, Charles Ruff, called Mr. Bryant's comment irrelevant. "Nobody disputes the fact," he said, "that Ms. Lewinsky was in the White House engaged in inappropriate conduct with the president on a particular day."

To a pointed complaint from Mr. Bryant that Mr. Ruff had accused the prosecutors of "fudging," Mr. Ruff responded, "I have never suggested that the entire prosecution is so infected."

The proceedings continued in much the same fashion, with first Republicans giving House managers a chance to respond to the White House lawyers, then Democrats asking a question permitting the White House team to reply. The partisan split on impeachment was thus underlined; few new arguments were heard, and the exercise appeared unlikely to occasion any major shift in opinion.

It did, however, provide an opportunity for the Republican managers to answer some of the points raised in the three preceding days by the White House team. The 13 House members had expressed intense frustration, a few of the White House side concluded its arguments, that Senate rules gave them no formal rebuttal time.

It appeared unlikely, however, with questions alternating between the Republican and Democratic side, that either would be able to score sufficient rhetorical or constitutional points to change the sense of momentum substantially. Several senators interviewed by The Washington Post after the White House closed its case expressed what they called "some real unease" at the

thought of an extended trial, and at least a few Republicans were moving away from the notion of calling witnesses.

Senator Craig Thomas, a conservative Republican from Wyoming, hinted that there was interest among senators in fashioning an exit strategy that would satisfy both sides.

"I wouldn't think there is any strong feeling for wrapping it up this weekend," he said. "A week from now, there certainly might be."

Some questions, however, went to the fundamental nature of impeachment. One from four Republican senators, asked whether, as the White House asserted, the articles of impeachment are "overly vague."

Charles Canady, a House manager from Florida, who said that "articles of impeachment have never, have never, been required to be drafted with the specificity of criminal law," He said it was clear from the president's legal defense "that President Clinton and his counsel know exactly what he is charged with."

After Mr. Bumpers's speech, Democrats appeared increasingly united in strong opposition to removing Mr. Clinton from office. Even one of the House managers arguing for conviction, Representative George Gekas of Pennsylvania, said he was aware of no Democrat who had been persuaded that Mr. Clinton's efforts to conceal his relationship with Ms. Lewinsky merited his removal from office.

Conviction and a Clinton removal would require at least 12 Democratic defections.

Mr. Lott denied he was seeking an exit from the trial under pressure from some Republican lawmakers who fear that a drawn-out proceeding would inflict long-term political damage to their party, as numerous Democrats have said in recent days.

Democrats, meanwhile, have said that the White House case has left the House prosecutors' arguments in such a damaged state that a scheduled vote next week on whether to depose witnesses should be skipped and the Senate instead should move straight to votes to acquit Mr. Clinton of the articles of impeachment.

Several Senate Republicans have been resisting such a move, insisting that until witnesses are called, crucial conflicts in testimony and evidence cannot be resolved.

One Democrat, Senator Bob Kerrey of Nebraska, told reporters there were "close to 45 votes to dismiss" the trial, the total number of Democrats in the Senate. That's shy of the majority that would be needed.

Conservatives Swipe at Bush

WASHINGTON — Three underdogs in the developing battle for the Republican presidential nomination have sought to undermine the conservative credentials of Governor George Bush of Texas.

The anti-Bush assault so early is testimony to the fact that even though the Texas governor has not formally announced, he is the clear front-runner. Winning over the party's conservative base will be crucial for success in next year's primary battle, and the three potential candidates chose the annual meeting Thursday of the Conservative Political Action Committee to make their case.

In the harshest attack, former Governor Lamar Alexander of Tennessee accused Mr. Bush of using "weasel words" in his call for a "compassionate conservatism." Mr. Alexander called such phrases "words cleverly and deliberately put together to confuse people by meaning nothing." The "weasel words" description was coined by Theodore Roosevelt, who, according to Mr. Alexander, compared such use of language to weasels, who "like to sneak into hen houses, latch onto eggs and suck the yolks, leaving empty shells for farmers."

Mr. Alexander was followed in his assault on Mr. Bush by the publisher Malcolm Forbes and the conservative activist Gary Bauer.

Former Vice President Dan Quayle has already criticized Mr. Bush for his "compassionate conservatism."

He said, "I have ordered my staff to never — EVER — utter the words 'compassionate conservative'! This silly and insulting term was created by liberal Republicans and is nothing more than code for surrendering our values and principles."

Mr. Forbes said in his speech that "it is no great mystery why the majority of voters abandoned the Republican Party." President Bill Clinton, he said, "is a walking, talking monument to the failures of the Republican establishment. Twice the Republican establishment has faced Bill Clinton, twice they have abandoned conservative ideas, twice they have lost. And if we allow ourselves to be seduced by the siren song of these mushy moderates, make no mistake: They will take us down to defeat once again."

Mr. Bauer, who filled the meeting with cheering supporters wearing "Bauer Power" T-shirts, said it now looks likely that the Republican field will include both "a Bush Republican" and "a Dole Republican," both of which signal the moderate politics unpopular in conservative circles. Mr. Bauer said he intends to make sure the choice includes "a Reagan Republican," presumably himself.

Karen Hughes, Mr. Bush's communications director, questioned the criticism. "It's perplexing," she said, "that fellow Republicans would attack a popular, conservative governor from a very conservative state whose overwhelming re-election proved conservatives can erase the gender gap and attract record numbers of minority voters while remaining true to conservative principles." (WP)

Republicans Pick Nicholson

WASHINGTON — Jim Nicholson overcame an aggressive challenge Friday to win a second term as chairman of the Republican National Committee.

Mr. Nicholson, a Colorado businessman, defeated the Florida Republican Party chairman, Tom Slade, 127-36, despite disappointment with the party's showing in the 1998 midterm elections. (AP)

Debating 'Social Promotion'

NEW YORK — When Mr. Clinton announced in his State of the Union address that he wanted the federal government to press schools to end "social promotion," he was stepping into a long-standing, mine-laden educational debate: When students fail, is it better to have them repeat the grade or promote them to the next grade to keep them with their age group?

The president, in effect, is opting to hold them back. And while it may seem obvious that promoting failing students does no one any good — giving parents and students false notions of their progress and forcing teachers to dumb down curricula — most studies argue against making pupils repeat grades.

Students held back once usually end up doing somewhat worse in school and have a smaller chance of graduating than equivalent students allowed to move to the next grade. And youngsters held back twice nearly always drop out.

"The term 'social promotion' carries so much emotion," commented Thomas Holmes, head of the department of educational leadership at the University of Georgia, who analyzed 63 studies on the issue. "It sounds like we're letting kids get away with things they didn't earn."

"But we are not stopping to ask what it is and what we could do to avoid it rather than outlaw it."

School systems have seesawed between the two policies for decades. Increasingly, educational researchers say the choice is a false one and that what is needed is a third way: early identification of failing students and intensive intervention through one-on-one tutoring, after-school programs and summer school. But that costs a great deal of money. (NYT)



Debris surrounding the badly damaged courthouse Friday after a tornado ravaged downtown Clarksville, Tennessee.

Continued from Page 1

Senate. At the very end of the interview, he answered one question related to impeachment by agreeing that the ordeal had placed a great strain on his family and by expressing the hope that the worst was over.

Despite the political pressures, Mr. Clinton appeared relaxed and deeply engaged in the complex scientific and policy issues raised by what the White House has called 21st-century threats. He smiled repeatedly, yet spoke to the current drive to vaccinate more than 2 million soldiers.

He declined to say whether he himself had been vaccinated against deadly germ agents, saying that the Secret Service had advised him to remain silent.

He also vowed to forge ahead despite congressional criticism with cooperative programs with Russia aimed at providing jobs to some 8,000 former weapons scientists who might otherwise be tempted to work with rogue states or terrorist groups.

Away From Politics

Racial prejudice was the most common motivation for hate crimes in 1997, according to a report by the FBI, which said that it accounted for 4,710 of the 8,049 incidents reported. Among the others, 1,385 were attributed to prejudice about religion. Prejudice about sexual orientation was involved in 1,102 cases. Other biases concerned ethnic or national origin, in 836 cases; disability, in 12, and multiple prejudices, in 4. (AP)

The four largest U.S. cigarette companies, Philip Morris, R.J. Reynolds, Lorillard and Brown & Williamson, have agreed to establish a \$5.15 billion trust fund to help tobacco farmers who face a shrinking market because of the industry's settlement with states, an attorney for the industry said. (AP)



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Waves of Tornadoes Rip Into Arkansas

The Associated Press

LITTLE ROCK, Arkansas — Tornadoes ripped across the South for the second time in less than a week, killing at least seven people in two states and leaving thousands of people without power.

Wave after wave of twisters hit central Arkansas late Thursday afternoon and evening, collapsing roofs, knocking down power poles and leaving trees strewn about the grounds of the governor's mansion. Six people died.

In Tennessee, a tornado touched down in Clarksville on Friday morning, ripping roofs off buildings. No deaths were reported there, but one person was killed elsewhere in Tennessee. Last Sunday, tornadoes killed nine people in the state.

Two people were killed Thursday in the Little Rock area when trees fell on them, and a 67-year-old pharmacist died of his injuries Friday morning. In Beebe, 30 miles to the northeast, a 2-month-old baby was blown out of a home and killed and another woman was found dead at her home.

At Center Hill, a Sevier county board member died when her mobile home was struck.

Arkansas utilities said the tornadoes left 72,000 customers without power, and the authorities opened five shelters from the Little Rock area to Newark, 90 miles to the northeast. As many as 30 tornadoes were reported to have hit the state during the night.

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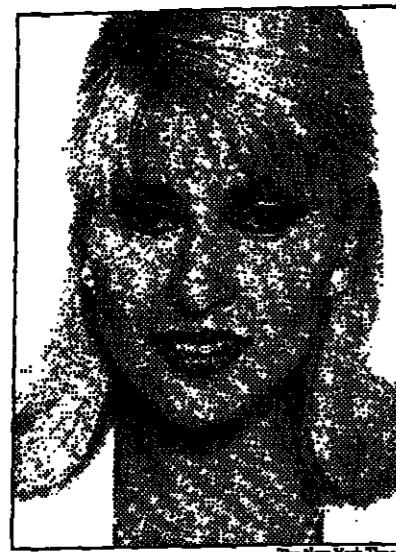
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Pnina Rosenblum, "the most famous girl in Israel," is jumping into the country's election free-for-all.

As Israeli Politics Opens Up, Ex-Beauty Queen Joins the Party

By Deborah Sontag
New York Times Service

JERUSALEM — A former model and successful cosmetics company owner, Pnina Rosenblum is an Israeli sex symbol, tall, leggy, blonde, glamorous and independent. She is also a new political party.

Entering the mad and volatile race to form the next government, Ms. Rosenblum has gone beyond throwing her hat in the ring for a seat in Parliament. She has founded a movement based on herself and her ideas, and registered as a party.

And Ms. Rosenblum is not alone. In what some see as a breakdown of the Israeli political system and others herald as a fresh new political dynamism, this election has become a free-for-all for new, narrowly cast parties — parties

built on personalities, on single issues, on ethnicity, on gender and on spiritual matters.

Since the rightist coalition government of Prime Minister Benjamin Netanyahu was dissolved in late December, more than a dozen parties have entered the political game, which has traditionally been dominated here by two parties: Labor on the left and Likud on the right.

Among the newest parties, there is one representing Russian immigrants (the second such) and one representing Moroccans (the third). A new Arab Union party joins two other Arab coalitions, while the first Romanian party, whose platform includes a demand for a Romanian-language cable television station, has emerged.

There is a pro-gambling Casino Party, a pro-marijuana Green Leaf Party and a

pro-mediation Natural Law Party. There is a gray power party, representing the elderly, and two new green power parties, defending the environment. Ms. Rosenblum's party is one of a kind.

"I called it the Pnina Rosenblum Party," said Ms. Rosenblum, who is doing remarkably well in the polls, "because every child and every grown up in this country knows Pnina Rosenblum cosmetics and Pnina Rosenblum pantyhose and Pnina Rosenblum herself. For 25 years, I have been the most famous girl in Israel."

The multiparty system is not new; it is the continuation of a trend that began in the 1980s. But the power of the smaller parties grew exponentially after the last elections, when, under an electoral reform, Israelis were able for the first time to split their vote, casting one vote for

prime minister and another for a party slate for Parliament.

As a result, the two large parties grew smaller, and the small parties grew larger, creating a particularly fractious Parliament with 11 parties, several of which developed the art of holding national legislation hostage to specific interests.

In the next elections, the two major parties, which have been undergoing identity crises, are expected to lose even more seats. And political analysts have predicted that as many as 19 parties will win a place in Parliament, creating a legislative body that is even more unruly than the current one.

"What lies ahead is a potentially quite unstable situation," said Yaron Ezrahi, a political scientist and fellow of the Israel Democracy Institute. "Consensus will be still more difficult to reach, and the

collective spirit of the nation is likely to fragment even further. Everyone will be out for himself."

To obtain a place in Parliament, a party must draw at least 1.5 percent of eligible voters, or about 65,000 votes.

This does not seem insurmountable to those like Ezra Tisora, a gambler whose new party seeks to push Israel to emulate the success of the Palestinian Authority's casino in Jericho, or Avraham Agoulin, whose Moroccan Party wants to obtain for former immigrants from North Africa "all the benefits that the Russians receive."

Emboldened by a sense that the political landscape is opening up, the newest parties include several disaffected former members of Labor and Likud. Two new rightist parties have sprung up for those who think that Likud has gone soft on the Palestinian issue.

Ms. Rosenblum, 44, is a phenomenon that no one is underestimating.

The daughter of an Iraqi immigrant, she grew up very poor in a town outside Tel Aviv. After winning a beauty contest at 17, she became Israel's best-known fashion model. At 25, with a \$10,000 loan from a friend from New Jersey, she started a cosmetics line named after herself, which grew into a large company.

"I achieved this dream and gave much pride to women," she said.

"People admired me because I grew up in a shack, and then I built everything all by my hand. One time on TV, they asked me when I'm going into politics. I said maybe the year 2000. And the people, they jumped on my remark. I got letters from all over the country. They wanted a new face, someone who started from the bottom and raised herself up."

"I decided to take the step," she added. "And I made my own party because I'm very independent and by myself, I will have more power."

■ Aide Fails to Register

Prime Minister Netanyahu's popular defense minister, Yitzhak Mordechai, did not register for primaries in the ruling Likud party by Friday's deadline, fueling speculation that he will leave the party and join a new centrist grouping. The Associated Press reported from Jerusalem.

A defection by Mr. Mordechai would be a severe blow to Mr. Netanyahu's chances to get re-elected May 17.

Kosovo Monitors Find That 45 Killings Were Revenge by Serb Forces

By Jane Perlez
New York Times Service

WASHINGTON — International monitors who discovered the bodies of 45 ethnic Albanians shot execution-style have concluded in their official report that the attack in the Kosovo village was an act of revenge by Serbian forces for the killing of four of their men.

The report, which has not been made public, described a scene of bodies with wounds from gunshots at close range and in some cases at "extremely close range" in the front, back or top of the head.

The monitors, who were on the scene

immediately before and after the massacre, concluded that "the facts as verified by the Kosovo Verification Mission include evidence of arbitrary detentions, extrajudicial killings and the mutilation of unarmed civilians of Albanian ethnic origin by the Yugoslav Army and police."

The monitors' report, written chronologically from Jan. 8 to Jan. 16, the day after the killings, listed each body found at the site, saying, for example:

"One adult male killed outside his house. The top of his head had been removed and was found approximately 15 feet away from his place of death. The wound appeared to have been caused by an ax but may have been from a bullet."

The report said one 12-year-old boy had been shot in the neck and one male teenager had been shot in the abdomen.

The discovery of the massacre on Jan. 16 and the immediate assertion at the scene by a senior U.S. diplomat that Serbian forces had been responsible for the killings led to the current crisis within the administration of President Bill Clinton and the North Atlantic Treaty Organization over what to do about the separatist province of Kosovo.

Yugoslav officials have asserted that the slain ethnic Albanians were combatants and that their bodies were taken to one spot by other ethnic Albanians to create the appearance of a massacre.

The circumstances of the massacre were further inflamed when the Serbs accused William Walker, the American diplomat who heads the teams of international monitors for the Organization for Security and Cooperation in Europe, of being a stooge of the ethnic Albanians.

The account of the killings, entitled: "Special Report: Massacre of Civilians in Racak," was written by monitors of the European security organization's Kosovo Verification Mission and has been given to diplomats from the 54 member countries. More than 700 unarmed monitors were placed in Kosovo after a cease-fire agreement last October.

Details in the report were elaborated on in an oral presentation by a German diplomat, Berend Borchardt, who was at the scene of the slayings.

Mr. Borchardt, deputy head of the human rights mission of the European security organization in Kosovo, told diplomats in Vienna that the victims were "humble peasants," many of whom were dressed in rubber boots. He said that the male victims were not dressed in heavy boots used in military action.

In their report, the monitors said that after a "well-prepared ambush" by ethnic Albanian guerrillas that left four Serbian police officers dead, Serbian forces started moving armored vehicles into the area of Stimje, near Racak.

On the day of the massacre, Jan. 15, the monitors were prevented by Serbian forces from entering Racak but could see houses burning there.

Late in the day, the report said, a patrol car of monitors drove into the village. The monitors saw one dead Albanian civilian and five wounded people and heard reports that 20 males had been taken away by Serbian forces. The monitors had to leave because darkness was falling, the report said.

The next morning several teams of monitors returned and heard accounts from survivors who said that after artillery attacks by the Yugoslav Army and Serbian police, Serbian security forces entered the village. Some were dressed in police uniforms, and others were in black uniforms and ski masks.

The witnesses said they recognized some of the police as being from Stimje. They also said that the some of the "assailants" were Serbian civilians dressed in police uniforms.

The bodies of 23 men "of various ages," last seen alive when the police were arresting them, were found on a ridge behind the village, the report said. The bodies of four other men were found in a ravine near the village. They apparently were shot while trying to run away. The bodies of 12 other men and the 12-year-old boy were found in various places within the village, including in some houses.

Some families retrieved the bodies of their relatives and brought them inside, the report said. The bodies of five other adults had been taken by family members to nearby Malopojce.

Mr. Walker arrived at the scene at 1 P.M. on Jan. 16. By that time, the Serbian forces had left and there was a "heavy presence of uniformed KLA in the village," the report said, referring to the Kosovo Liberation Army. The guerrillas, who were agitated and in a vengeful mood, were advised by Mr. Walker to exercise restraint, the report said.



Sailors working aboard the U.S. aircraft carrier Enterprise in the Adriatic Sea on Friday. NATO is sending warships to the area in response to Slobodan Milosevic's refusal to back down in the Kosovo crisis.

Intel Chip's Security Feature Raises Privacy Concerns

By Elizabeth Corcoran
and Robert O'Harrow Jr.
Washington Post Service

WASHINGTON — Privacy advocates are voicing criticism of plans by Intel Corp. to introduce "personal-computer" chips that can transmit unique identification numbers when on-line.

The signals, which are intended to protect electronic transactions, are drawing criticism because they will also help marketers track consumers' every move in cyberspace.

The technology is built into Intel's new Pentium III microprocessors, which are scheduled to go on sale in the next few months and will quickly be incorporated into new computers on store shelves.

Affirming who is on-line is a key problem that must be solved to make electronic commerce blossom. Executives at Intel described the technology as an important step in that direction. In essence, the new chips will transmit an identification number that World Wide Web sites can use to guarantee that a machine really belongs to its purported owner — that Jane's computer really is Jane's computer.

Privacy experts worry that the feature will force consumers to leave an identifying mark wherever they go on-line.

"It's the computer equivalent, if you will, of Social Security numbers," said Barry Steinhardt, executive director of the American Civil Liberties Union.

Here is how it would work: Whenever a computer that has the new Intel chip is

From Information Highway to the Roadway, a Similar Worry

Washington Post Service

WASHINGTON — For the first time since authorities began requiring photographs for drivers' licenses, officials in several U.S. states have begun selling the images wholesale, in another example of the growing availability of troves of personal information via modern technology.

The signals, which are intended to protect electronic transactions, are drawing criticism because they will also help marketers track consumers' every move in cyberspace.

The buyer is Image Data LLC, a small New Hampshire company that wants to build a national database of photos and personal information to help retailers prevent identity theft — a fast-growing crime in which fraud artists use a victim's personal information to run up bills in their names or to empty their bank accounts.

Image Data's computers can flash the photo of a person

named on a credit card or a check to a small screen near a cash register when a transaction begins. Company officials say the service could head off billions of dollars in fraud by giving clerks an instant, tamper-proof way to verify the identities of customers.

Some critics worry that Image Data's plans will create a

sense of unwanted surveillance for many people. Privacy

activists fear that once photographs are released by authorities in digital form, they will be used for other purposes, by private detectives or telemarketers that want to match a face to other personal information.

"It contributes to an atmosphere where people feel they are being watched," said Robert Smith, publisher of the Privacy Journal. "What you create is a mug file of law-abiding citizens."

Consumer advocates complain that drivers in Florida and South Carolina were not asked permission for their images to be sold, even though those states had long restricted access to such photos.

PLANE: Rollout of 'Stealth' Fighter Was Only a Russian Bluff

Continued from Page 1

The plane on the tarmac, he noticed, lacked radar-evading stealth characteristics. For example, he knew that stealth technology required hiding the air-intakes, to achieve the smooth edges that evade radar. But the plane on the tarmac had large, angled air intakes that could easily show up on radar. It did not have other stealth characteristics; for example, it lacked a special radar-absorbing coating, or hidden places for the weapons.

A Western expert who saw the picture of the plane on the tarmac said, "The visible structure was not new."

In fact, according to Mr. Zhilin and others, the plane on the runway was built years ago to test the prototype engines for a new fighter.

It was a flying laboratory for the engines alone, not a combat plane, Mr. Zhilin said.

On the Russian television news that evening, there were no questions asked about the great advance in Russian military aviation. The news reports, showing the plane on the tarmac, told of the first glimpse of the MFI, the Russian acronym for multifunction, front-line fighter.

"According to experts, it can attack up to 20 targets simultaneously," the far-East news agency reported. Mr. Sergeyev was quoted by Interfax as saying that the new fighter was better than anything in the Russian Air Force and was "not inferior to the most advanced Western models."

"BLUFF" was the headline over Mr. Zhilin's article, saying that the whole ceremony had been for a plane that does not yet exist. The Western expert agreed, saying it was "industry hype."

In fact, the Soviet Union did begin a fifth-generation stealth fighter project in the early 1980s. It was given the code name Project 1/42, and planned to be a 30-ton, twin-engine, single-seat plane capable of flying more than twice the speed of sound. On the drawing board, at least, the \$70 million fighter was to have thrust-vector ring engines allowing it to

turn on, the machine will automatically pump out a unique serial number if the computer is connected to the Internet or another on-line network.

Still, consumers will be able to shut off the identifying number, Mr. Gelsinger points out. Intel has written software that will let people know when their PC is sending out its serial number.

Intel will not keep a record of such serial numbers, said Patrick Gelsinger, vice president and general manager of the desktop products group at Intel. But when the consumer ventures into cyberspace, Web sites will be able to receive that number.

If the site has required that the person "register" and provide details such as name, address and other information, the Web site will have an easy way of tracking what the visitor does on-line.

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Mr. Gelsinger said: "unique on-line serial numbers for PCs had a number of advantages, and that computer and software makers had asked Intel to create such numbers for several years.

Among those advantages, Mr. Gelsinger said, is improved ability to identify the author of on-line content, as the computer would insert the ID number into it. In addition, such ID numbers might reduce anonymous pests on-line, by, say, stopping people from getting into chat groups unless they were willing to be identified. Likewise, an ID number could provide added security for financial transactions.

Fighting Spreads Around Brazzaville

Reuters

KINSHASA, Democratic Republic of the Congo — Rocket and machine-gun fire rocked Brazzaville, the capital of Republic of Congo, on Friday, and some rounds fell in Kinshasa across the river, witnesses said.

In Paris, the Foreign Ministry said that the plane was shot to death as he stood guard at the French Embassy in Brazzaville. French military officials said he was killed outside the main gate while trying to stop about 20 gunmen who were attacking the embassy.

A French national in Republic of Congo was shot to death as he stood guard at the French Embassy in Brazzaville. French military officials said he was killed outside the main gate while trying to stop about 20 gunmen who were attacking the embassy.

Aid workers said fighting had engulfed several districts of the city. Shelling has been coming from the city center toward the southern suburbs of Makélékélé and Bacongo, strongholds of Bernard Kolélas. The militia of the exiled prime minister has been fighting pro-government forces for months.

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"This country needs such a plane," he said. "Whether our budget can afford such a plane is a different thing."

Congo Refugees In Rebel Region Will Get UN Aid

The Associated Press

GOMA, Democratic Republic of the Congo — The United Nations announced Friday that it would begin caring for hundreds of thousands of people displaced by war in eastern Congo

Hong Kong Report Faults Expatriate Managers for Airport Snags

By Mark Landler
New York Times Service

HONG KONG — Seven months after Hong Kong's new \$20 billion airport opened amid a riot of lost luggage and routing cargo, a government commission on Friday laid most of the blame on the airport's expatriate managers.

Describing them as "overconfident," the report said the executives should have waited the Hong Kong government to delay the opening by two months to fix bugs in the airport's flight information screens, baggage-handling systems, and its vast, but woefully disorganized cargo terminal.

Shortly after the airport opened July 6, its display screens went dark, luggage went astray, and crates of cargo — including fresh fish — were left to rot on the runway. Though most of the glitches were soon solved, it was a stinging embarrassment for a city that prides itself on Swiss-watch efficiency.

The commission exonerated the government, which had been accused by several opposition politicians of pushing to open the airport too early so that the opening ceremony could coincide with the first anniversary of Hong Kong's return to China and a visit by President Jiang Zemin.

After interviewing 56 witnesses and combing through 800 boxes of evidence, the commission declared there was no evidence "to indicate that the decision was made with any political or ulterior consideration."

That provoked howls of criticism from opposition leaders here, who derided the report as a "whitewash" and said the commission had not investigated the motives behind the government's decision to open the airport in July.

"It was not a question of the airport managers' being over-confident," said James To, a pro-democracy member of Hong Kong's Legislative Council.

"They all understood that this deadline could not be changed."

Other observers said they were troubled by a 702-page report, the only people criticized by name were four senior executives of Hong Kong's Airport Authority, three of whom are expatriates and none of whom are Chinese.

Among those harshly faulted are Henry Townsend, an American engineering executive who was the airport's chief executive, and Douglas Oakver, a British construction expert who was the project manager. Both men have since retired, and they could not be reached for comment.

The commission did not single out either the chairman of the airport's board of directors, Wong Po Yau, or the chief secretary of the Hong Kong government, Anson Chan, who had oversight responsibility for the project and presided over the committee that set the July opening date.

"It's easier to point fingers at the

expatriates," said Albert Cheng, an outspoken radio commentator. "They're already paid off and gone. You don't want to embarrass the people who are still in power."

Mr. Cheng and other critics said that since the handover, the government has shown a predilection to pin Hong Kong's problems on foreigners. In August, when it intervened to prop up the stock market, the government blamed overseas hedge funds for attacking its currency and stock market.

It is not the first time the airport has been a symbol of misunderstanding between East and West. Britain conceived the project, which is built on reclaimed land off a nearby island, about a decade before the 1997 handover. But its vast size angered Beijing, which suspected the colonial administration was trying to deplete Hong Kong's treasury before it relinquished its possession.

The chief executive of Hong Kong, Tung Chee-hwa, defended the report

Friday as fair and unbiased. "It named the people because the commission thought it was important to name the people," Mr. Tung said at a news conference after the report was released Friday morning.

Still, Mr. Tung said the government ought to shoulder some blame for the fiasco.

"When the airport began its operations, everyone in Hong Kong had great expectations," he said. "We were all let down very much and the disappointment that was felt by everybody was overwhelming."

Obscured by all the apologies and recrimination is one happy bit of news: The Hong Kong International Airport has recovered from its hapless start to win enthusiastic praise from travelers. Cargo — human and otherwise — moves through the mammoth complex efficiently, and a travel magazine recently rated it as one of the premier airports in the world.

BRIEFLY

Korean Talks End With Slim Progress

GENEVA — Negotiators from North and South Korea, the United States and China wrapped up their fourth round of peace talks Friday with signs of only slow progress toward easing tension on the divided Korean Peninsula.

The delegations said they had "useful, productive discussions" during their four days of talks and would meet again in mid-April.

A joint statement said that agreement had been reached on procedures for two working groups, which are discussing how to reduce tensions and put in place a permanent peace to replace the armistice.

The four-party talks started in December 1997 and have been largely devoted to procedural wrangling. The process of replacing the armistice that ended the 1950-53 Korean War with a formal peace treaty is expected to take years.

Macau Bomb Kills Man at Tourist Site

New York Times Service

Foreigners Flee After Rioting In Indonesia

New York Times Service



Raul Salinas de Gortari, who was convicted of ordering a politician's murder and sentenced to 50 years.

nearly 140,000 pages on which a federal district judge, Ricardo Ojeda Bohorquez, based his decision.

Judge Ojeda signed the verdict and sentence Thursday and sent his clerks to Almoloya prison to notify Raul Salinas, as he stood at the bar of a general holding cell, of the verdict.

Mr. Salinas' wife, Paulina Castanon, emerged from the prison shortly afterward, her eyes reddened. She said no family member had been allowed to accompany Mr. Salinas when he was notified of the verdict.

"It is totally devastating," Mrs. Castanon said. "I will say it again: Raul is innocent. He has been interred for four years in a cement tomb."

Juan Velazquez, a lawyer for the Salinas family, said, "I continue to insist that all the so-called proof against Raul Salinas was fabricated by prosecutors."

The accusations against Raul Salinas were based largely on hearsay evidence from witnesses with obvious biases. Neither of the two special prosecutors who worked to convict Mr. Salinas ever produced any incontrovertible material evidence linking him to the crime.

In his decision, Judge Ojeda acknowledged there was no "confession

that Raul Salinas had ordered the shooting.

The trial record was filled with testimony and documentary evidence that showed that several convicted members of the assassination team tried to contact Raul Salinas in the hours and days after the murder. A number of convicted conspirators insisted in their statements that Raul Salinas had ordered the shooting.

The police said more than 100 people have been injured, 88 homes destroyed and three mosques and three churches burned. Vehicles and shops have also been torched.

A night curfew has been imposed on the eastern city and some 2,500 soldiers and police have been deployed to restore order.

Military officials said more than 4,000 terrified residents had sought shelter in police and army compounds in Ambon after the riots erupted Tuesday following an argument between a drunken man who tried to extort money from a taxi driver.

In his first response to the Ambon violence, President B.J. Habibie said on Friday that the city was secure. "The armed forces commander has reported that the situation in Ambon is quiet," he said, adding that discussions among religious and public figures had helped calm the tension.

On the island, the airport remained closed and large areas of the city were without power.

Ambon, 2,300 kilometers (1,350 miles) northeast of Jakarta, is the provincial capital of Maluku, formerly known as the Spice Islands or Moluccas.

CANBERRA — Australia has the highest incidence of skin cancer in the world and rates of melanoma are continuing to rise, a new study reported Friday.

The Australian Institute of Health and Welfare study found that the rates of skin cancer are rising in Australia despite campaigns to get people to stay out of the sun or use proper protection when they are outside.

Queensland reported the highest incidence rate for all cancers, including melanomas.

Cricket All-Clear

BOMBAY — Cricket players from Pakistan flew into New Delhi amid heavy security only hours after Hindu militants called off a violent campaign that had tried to stop their tour.

Political tensions have prevented cricket teams from Pakistan and India from playing in one another's countries since 1987.

(AP)

Mexico Convicts Ex-President's Brother

By Julia Preston
New York Times Service

MEXICO CITY — After a tangled four-year trial, Raul Salinas de Gortari, the brother of Mexico's former president, has been convicted of ordering the 1994 assassination of a prominent politician and sentenced to 50 years in prison.

It was a stunning verdict that shattered the impunity that has shielded powerful Mexicans for decades.

The judge's decision Thursday was widely considered to be the most important criminal verdict in modern Mexico. It is the first time that a close relative of a figure as powerful as the former president, Carlos Salinas de Gortari, has faced punishment for a serious crime.

"This breaks all the precedents," said Sergio Aguirre Quezada, a historian. "Raul Salinas is a symbol, the brother of one of the strongest presidents Mexico has ever had. The judge's decision gives an enormous boost to the independence of the justice system."

But while strengthening Mexican justice, the case — which was marred by missteps, coercion and manipulation by prosecutors — also exposed the system's disarray.

Raul Salinas was condemned mainly by hearsay evidence, with the judge admitting there was no "direct proof."

The verdict is likely to remain clouded over whether his trial was a fair one. An appeal is already planned.

Raul Salinas was found guilty of being the intellectual author of the daylight assassination on Sept. 28, 1994, of Jose Francisco Ruiz Massieu, who was then 48 and a fast-rising star in the political party that governed Mexico for most of this century.

The case became a mesmerizing drama, which divided families and exposed the bizarre enmities and intrigues on the inside of a long-stable political system that was in decline. The murder charges against Raul Salinas did much to destroy the image of his brother, Carlos Salinas, who had been celebrated as a visionary modernizer when he was president for six years until December 1994.

The former president now lives in

Experiment Resets 'Fate' of Mice Cells

By Nicholas Wade
New York Times Service

NEW YORK — In a bizarre experiment that demonstrates the surprising plasticity of animal cells, scientists have converted mice's brain cells into blood cells.

The transformation has medical significance because if the human body's tissues should prove to be as interconvertible, patients' tissues might be repaired from their own cells.

The mouse result was obtained with neural stem cells, cells that have the ability to form the three main types of cell found in the brain. Each organ of the body is thought to have its own brand of stem cells that generate all the

organ's specialized cell types.

But until now, the stem cells were thought to be committed to their own organ type and unable to cross over.

A team of Italian and Canadian scientists, led by Dr. Angelo Vescovi of the National Neurological Institute in Milan, has now found that the neural stem cells can metamorphose into the blood-making stem cells of the bone marrow.

Dr. Vescovi's team gave mice substantial doses of radiation to destroy their own blood-making cells, and then injected neural stem cells from other mice whose cells carried an identifying genetic tag. The neural stem cells found their way to the mice's bone marrow and started pro-

ducing various types of blood cells bearing the genetic tag of the donor mouse, the scientists report in Friday's issue of the journal *Science*.

The conversion of neural stem cells into blood cells is surprising because brain and blood come from different germ layers in the early embryo. Almost the first visible structures in animal embryos are three primary sheets of cells, known as the ectoderm, mesoderm and endoderm, from which all the tissues of the adult body develop.

The brain develops from the ectoderm and blood from the mesoderm. Dr. Vescovi's work defies the widely held assumption that cells in the three lineages are permanently committed to their fate.

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ART

Nouveau Collecting

An Obsessive Love

By Rita Reif
New York Times Service

NEW YORK — In 1972, Robert Schreiber, a New York entrepreneur, moved to Stockholm to sell Frye boots and bell-bottom jeans to descendants of the Vikings. His business flourished over the next five years, and he spent most of his profits on Art Nouveau objects.

"Galle lamps and Tiffany ceramics were my weaknesses," he said. "But I couldn't afford expensive Art Nouveau. So I bought as many of the less costly Swedish turn-of-the-century porcelains by Rorstrand that I could find."

Schreiber chose to collect — obsessively at times — Rorstrand's frosty looking porcelains, decorated in relief with pastel images of insects, marine life and flowers. He began with a bud vase, a gift adorned with an image of Sweden's St. Nick, a pensive figure with a glorious white beard and red hat called Jultonten.

"The vase had that cold Yule look, snow dripping on the old man on the front and on the fir forest on the back," Schreiber said. "I just knew I had to have more examples of these porcelains."

Today his collection of 150 Art Nouveau Rorstrand vases, bowls and jardinières is described by experts as the largest and most important anywhere. A selection of 86 pieces is now on view in "Rorstrand: Swedish Art Nouveau Porcelain." From the Schreiber Collection," at the American Craft Museum in Manhattan through May 23. The show was seen in a different version last year at the National Museum in Stockholm.

Before Schreiber bought anything, he visited the Stockholm museum to familiarize himself with the best pieces made by Rorstrand in this style. He was struck by five splendid floral decorated vases on display, but such masterworks were impossible to find then in the marketplace. So he bought only, as he put it, "an visit to the homes of friends' grandmothers."

Once the style became more popular in the late 1970s, the pace of his buying quickened. To finance his collecting, he became a private dealer, selling pieces from his collection to art dealers like Lillian Nassan.

"I've always been an over-bought collector," Schreiber said. He collected stamps and campaign buttons this way as a boy. He also over-bought as an



Detail of a vase with dragonflies, by Karl Lindstrom circa 1905.

adult, when he focused first on cigarette lighters and later switched to ceramics: Rorstrand porcelains, Rockwood pottery, Tiffany earthenware and Swedish Art Deco stoneware by Gustavsberg.

While its porcelain is now considered a high point in the Rorstrand company's history, the factory came late to producing this material. Founded in 1726 at Rorstrand Castle in Stockholm, it was called the Swedish Porcelain Works. (It's now a division of the Hirschman Group of Helsinki, a Finnish conglomerate). The ceramics made there were deiftite earthenware, and, briefly, faience, or soft-paste porcelain. The factory began producing Art Nouveau porcelains, mostly in limited editions, after 1897.

Rorstrand's porcelains are far less sinuous in form and sinister in motifs than the most expressive works by the French and Belgian Art Nouveau artists. The Swedish pieces incorporate familiar Art Nouveau images (dragonflies, swans, water lilies and anemones) as well as those of Swedish flora and fauna (sweet peas, thistles, star fish, salamanders, crabs and walruses).

Rorstrand's artists designed pieces that were in the more abstract Arts and Crafts mode as well as the free-flowing Art Nouveau style. Ruben Rising

did both on different vases, using sweet peas to form a spinelike pattern and to shape a curvy mouth. Algot Eriksson opted for the undulating line: He pinched the neck of a delicate white vase to create a mouth that resembled a blossoming flower.

THREE effects, devised under Rorstrand's director, Robert Almstrom, and chief designer, Alf Wallender, helped restore craftsmanship to the industrial process at the turn of the century. Artists were made part of the creation of these porcelains from the first sketches to the final glazes.

"The Rorstrand works were closer to studio works than factory-made products," said David Revere McFadden, chief curator of the American Crafts Museum. "This focus on process, even in factory settings or large studios, has been emphasized by this museum since its founding — in the landmark Louis Comfort Tiffany exhibition of 1958 and the Frank Lloyd Wright show of 1992."

The exhibition and a companion show of 20th-century Sevres were organized to reflect this thinking by McFadden. They are the first exhibitions organized by him since he joined the museum in late 1997.

Melding Light and Rhythm
Beyond Impressionism, a New Image of MonetBy Sourou Melikian
International Herald Tribune

LONDON — This should be the Millennium Art Show. "Monet in the 20th Century" is one of the greatest painting exhibitions ever.

Paul Tucker of the University of Massachusetts, the mastermind behind it, and Norman Rosenthal, director of the Royal Academy, who put him up to it, have pulled off the most difficult of all tricks in the show (until April 18). In admirable sequences, 33 pictures — of which 21 are borrowed from private collections — project a radically new image of an artist so famous that any idea of making discoveries seems preposterous.

Forget Monet the Impressionist with his sunlit gardens and misty harbors, blurred but identifiable. Meet Monet the inventor of light and rhythm, freed (almost) from the burden of subject matter that serves as an excuse.

Right from the beginning the visitor becomes aware that the motif no longer has much relevance. One of the first pictures, "The Garden," done in 1900, is a rhythmic pageant of purple dabs (iris) slanting across the composition under a shower of red and green strokes. On loan from the Ralph T. Coe Collection, the landscape is virtually unknown.

Next to it, the same garden, almost the same flowers are seen in more abstract groupings of purple pink, carmine red and orange dots. Symmetry changes everything. Only the path identifies the composition as figural through a criss-cross of shadows. In both, what matters is the rhythm and the coloristic notations that sustain it.

Nearly, views of the Japanese bridge in the painter's garden, including the unforgettable Art Institute of Chicago version with its grayish-turquoise water lilies in the foreground, make the point that as an innovator in elaborate compositions, Monet could not have been greater at the very moment when he was about to turn his attention away from structure and perspective.

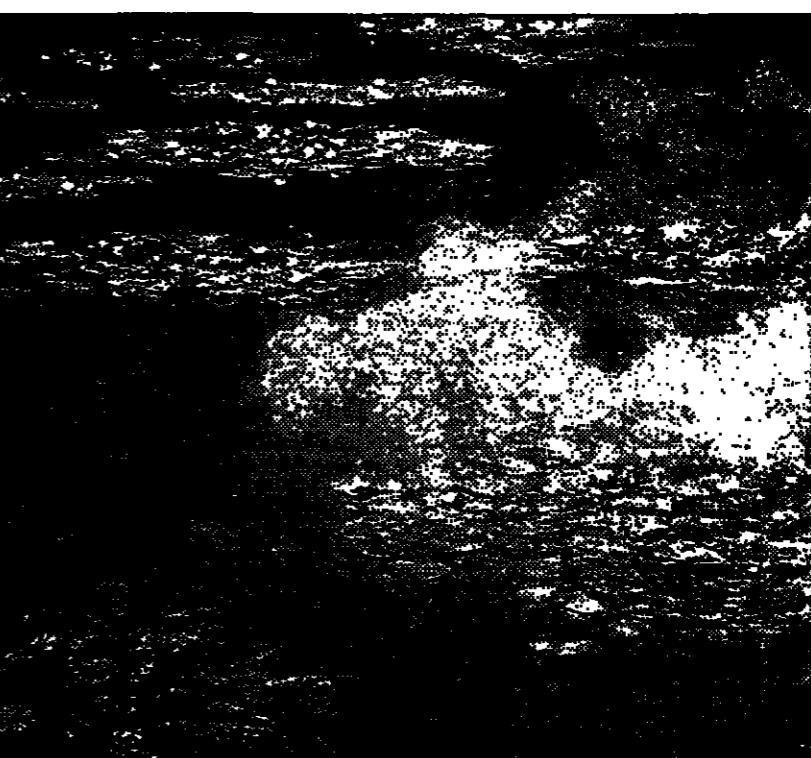
The London bridges painted in 1902 and 1903 point to new preoccupations. In the 1890s, Monet still attempted to catch the variations of light in a landscape or a facade, accompanied by changes in the density of detail. Now, the artist seemed eager to get as close as possible to the point where the scenery means down.

It might be the effect of a pale luminous haze under a wintry sun blurring the edges, flattening the relief as in the 1903 "Waterloo Bridge" from the McMaster University Collection in Hamilton, Ontario. Or it could be the result of light receding, about to vanish altogether, as in the National Gallery, Washington, view of 1904, where the bluish-green pall of dusk covers up everything, pierced only by flash points of ill-defined shadows.

With the "Houses of Parliament,"

Monet had one last fling with the Romanticism of his earliest days, when he would paint such somber misty harbor views as his famous 1872 "Impression, Sunrise."

But even here, the transformation is radical. Gone is all detail. The neo-Gothic towers rise like shapes remembered from a dream. They may be floating in purple darkness, as in the poetic view of 1900-1901, on loan from a Japanese collection, or set off by a red blaze in the sky and its fiery reflection in the sea as in the Turner-influenced masterpiece from the Kunsthans, Zurich.



"Water Lilies," 1907, oil on canvas by Claude Monet.

That was nearly the end of open landscape painting for Monet. Henceforth, he would gaze at nature refashioned in his garden at Giverny to serve as a guide to his colored dreams.

The pond and its floating islands mesmerized Monet. He painted 48 "Water Lilies," of which 23 are in the show, in sequences that take the visitor on a trip through the artist's search for abstraction. A succession of square formats bring with an impeccable sense of rhythm the feeling that they are zooming in on the pond and then step back. In the process, the eye takes in details that could be easily overlooked out of context. In the admirable Denver Art Museum picture, the oval clusters of blossoms suggested in quick color dabs are carved in the impasto. All around, the green, black and maroon reflections shimmer with the dark silkenness of water mirroring the sky.

Monet returned to more important subjects: water lilies, reflections in his pond. Some of his experiments attained an astounding modernity. Again, it took Japanese eyes to perceive their most advanced boldness. The "Water Lilies" of 1914-1917 on loan from the Asahi Breweries could be the work of some New York artist of the 1960s — if such a talent existed there in those years.

So powerful was the hold of abstract stylization on Monet by 1908 that when he endeavored to take interest in the views of Venice, where he spent a few months with his second wife, it was almost beyond him. In the Grand Canal view from the Brooklyn Museum of Art, the reflections in the sea handled like a counterpoint in colored lozenges take precedence over monuments.

Monet returned to more important subjects: water lilies, reflections in his pond. Some of his experiments attained an astounding modernity. Again, it took Japanese eyes to perceive their most advanced boldness. The "Water Lilies" of 1914-1917 on loan from the Asahi Breweries could be the work of some New York artist of the 1960s — if such a talent existed there in those years.

Yet, even this pales by comparison with the visionary abstractions by Monet in his old age. The artist was in his eighties when, returning to his Japanese bridge, he saw it as a myriad of green and white dots through which darker green arcs span some ill-defined space. This masterpiece, never exhibited before, is now in a European private collection.

In another version lent by the Philadelphia Museum of Art, the bridge has become an abstraction in red, gold, orange and green with a different rhythm.

A weeping willow inspired a masterpiece, again virtually unknown (private collection, no location given), in which one trunk can be made out amidst a forest of dark colored streaks, while "A Path Under Rose Arches" altogether defies identification. It is an abstract vortex of colored strands. Monet? The stamped signature vouches for it. But who would guess it?

In Paris, the Treasury of St. Francis of Assisi

New York Times Service

NEW YORK — A major show in Paris of Italian Renaissance art began as an effort to raise public awareness of the damage earthquakes did to precious frescoes in the Basilica of St. Francis of Assisi two years ago in central Italy.

Three organizations — the Ministry of Culture in Rome, the Apostolic Library at the Vatican and the Basilica and Convent of St. Francis at Assisi — organized an exhibition of 70 works of art and objects. It is now at the Petit Palais in Paris until mid-February, and will travel to the Metropolitan Museum of Art in New York.

This core exhibition will be supplemented by 30 more works from mu-

seums and private collections in Europe and the United States to create "The Treasury of St. Francis of Assisi." It will be at the Met from March 16 through June 27.

The exhibition will include medieval and Renaissance panel painting, sculpture, goldsmiths' work, textiles and illuminated manuscripts. It will show the development of early Renaissance art.

"With the reconstruction of the basilica, there was an opportunity to remove many objects and give them greater visibility," said Philippe de Montebello, director of the Met. "Assisi was one of the greatest centers of art in the 13th century."

Laurence B. Kanter, the Met curator in charge of the exhibition, said he had

selected "both the most telling masterpieces and works of art in the best condition that could travel safely from Assisi."

The show has three parts. The first covers the Basilica of St. Francis, beginning with its founding in 1228 as a center of piety.

THE second explores the large artists' workshops that existed around the Convent of Assisi during its construction and decoration from 1230 to 1330.

The last features objects, mostly panel paintings that were given to the Basilica in 1955 by the American art historian and dealer Frederick Mason Perkins.

CROSS WORD PUZZLE By Robert Malinow

ACROSS

1 Jumble 82 Teens, e.g. 84 Standard axes 85 Targets appear on them 10 Put one part? 14 70's one's Mercury 19 Rio (Jamaican resort) 20 Cole Porter title 21 Rumble 22 Ethical Culture Society founder 23 Certain corner square 26 Voted 60% radical 27 First name in horror 28 Snapping points 29 "Darn—!" 30 Tree that sprouts roots from its branches 31 Actress Bergman 33 "Popes" creator 35 Br. honos 37 —Accords (1998 peace agreement) 38 Nabors role 39 Stock holder? 41 Simple Le Carré feature 45 Sense-ability 47 Dun 48 "a borrower" 50 Tanker 52 Blind as — 55 Body 58 Part 61 Quacky, minnowish 63 Einstein, e.g. 64 Lead statue 65 Role 67 Hoodwink 68 Horsefeathers 69 Lenten treat 74 Family members 75 Hand 76 Malevolent punishment device 79 Your Arahat, originally

7 Military danger 8 Literary construction 9 Do further archaeological work 10 Jockey who won 17 Triple Crown races 11 Hip 12 Ring locale 13 Dr. of rap 14 Castro calls it home 15 Gulf port 16 Not speak seriously 17 Communications satellites 18 Acrylic Papas 24 Year in the apostle Paul's travels 25 Native village, in South Africa 26 Retro car 32 Range order 34 Apodex member 42 Partner-in-crime 43 Cronies 44 Kidney enzyme 46 Indian cabbage 48 Photo — 51 Fog 53 "Peace be with you" and others 54 Sounds from the master's room 55 "Little Lord Fauntleroy" 56 Wandering 57 Like some pieces 58 Rugby formations 59 Ahuring 60 Back 62 Union opposer 63 Notorious 64 30's-40's criminal 65 "It's a wrap" 66 1960's dance 67 Turner and others 68 Actress Lombard

76 Oral traditions 77 TV's Gray and Moran 78 Réunion and others 80 Devil 81 Daredevil 83 Attacks 85 Bib 86 Bob Cooley's alma mater 87 "Phooey!" 88 Craftsmen workers 89 "It's a wrap" 90 1970's policy 91 Turner and others 92 Authorize 93 "Took the title" 94 Mil's pilot's award

Solution to Puzzle of Jan 16-17

SWEET CHAOS: The Grateful Dead's American Adventure

By Carol Brightman. 356 pages. \$27.50. Clarkson Potter.

Reviewed by Carolyn Ruff

THE publishing world dumped a slew of new books about the Grateful Dead into bookstores a few years ago — even before the legendary singer of the band, Jerry Garcia, died in 1991. With the exception of "Dark Star" by Robert Greenfield, most of them were better left off the shelves. Carol Brightman seems to have completely missed her marketing moment with "Sweet Chaos."

Unhurried by the pressure of immediate demand, Brightman has produced the most exhaustive and beautifully written book so far about the band. With insight and clarity, she captures the essence of not only the Grateful Dead, but the entire '60s era in which the band began.

I reluctantly admit I was once one of the many thousands of Deadheads following the band around the country, living within a subculture alien to most Americans. There was a period in my life when nothing brought me more joy than watching the Dead walk on stage.

Evenly I outgrew the scene and, as a reformed Deadhead, was skeptical that any book could accurately convey the unique quality of the band, let alone provide fresh material about its past.

Brightman (who won a National Book Critics Circle Award for "Writing Dangerously: Mary McCarthy and Her World") proved me wrong. "Sweet Chaos" draws on extensive inter-

views with the remaining band members Mickey Hart, Phil Lesh and Bob Weir, and other members of the Dead coterie. Brightman is clearly not a Deadhead, but as a member of the generation that came of age during the '60s she finds common ground with the band's followers.

Brightman understands that they were always much more than a rock band, but, like so many — even those in the band — she does not quite know why the Dead created such a legacy.

She writes: "One cannot recreate the era out of which the Grateful Dead emerged with its recall of civil rights and the Free Speech Movement, Vietnam, the Cuban Revolution, and the Weatherman."

She begins her journey into the Dead's past by examining what may be the most defining characteristic of the band and its music: drugs. As with every topic she covers, Brightman doesn't settle for casual explanations. She discusses the role of Ken Kesey and the Merry Pranksters, the all-night drug parties and the alleged involvement of the CIA in introducing LSD and other harsh drugs to the free spirits on Haight Street.

This book is not so much about the Dead, the reader soon learns, as about the many factors that created and sustained the band. Brightman devotes considerable at-

tention to the anti-war movements springing up on college campuses around the country, and observes that the band, like many in the counterculture, "turned, often quite consciously, to rock and roll and drugs as antidotes to the nameless horrors Vietnam evoked."

Did the Grateful Dead make a small but indelible

The Washington Post.

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INTERNATIONAL BOOK FAIR, PARIS, 10-13 FEBRUARY 1999

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The Clinton Defense

It's Time for a Vote

The senators have now heard the House prosecutors and President Bill Clinton's lawyers debate both the evidence and the constitution. They have heard hours of argument as to whether they should be punitive or forgiving about the fact that Mr. Clinton lied under oath. But what they have not heard is a convincing argument that his misconduct, whether viewed darkly or with compassion, meets the standard for removal spelled out in the constitution.

That is because Dale Bumpers, the former senator who concluded the president's defense with a geyser of folksy oratory, was right. Mr. Clinton's conduct can be described as indefensible, outrageous and shameless. But it does not constitute the "distinctly political offense against the state" that the framers regarded as necessary for impeachment.

The majority leader, Trent Lott, suggested that he grasped this by urging the senators to conclude their questioning of the presenters by Friday afternoon. That would clear the way for a vote early next week that would demonstrate that the 67 votes required for removal are not there. It is time for such a vote, and it is in the political interests of both sides to have it as soon as possible.

The Democrats want it because they sense that the steam will go out of the

prosecution once the public sees a convincing test vote. The Senate Republicans, for their part, want to get loose from this issue.

The House prosecutors have not been able to spread their passion to the senators of their own party. Most of them realize that if the Reverend Pat Robertson is willing to concede that the president cannot be removed, it is time to settle up.

Mr. Lott's immediate problem is still that of getting around the question of calling witnesses. It will be an unproductive exercise. We believe, like the big majorities in the polls, that a common-sense analysis of the record shows that Mr. Clinton gave false testimony under oath and tried to impede justice. We also grant that the Clinton defense team raised reasonable questions about whether this conduct would be found by a court to meet the legal definition of perjury and obstruction.

Representative Henry Hyde warned Thursday against a "rush to judgment" because he sensed that the Senate was ready to conclude. There will be a lot of skirmishing over the witness issue during the weekend. Mr. Lott should insist that none can be called unless they add striking new evidence. If that is the standard, the Senate can be ready to vote down removal and move on to censure early next week.

—THE NEW YORK TIMES.

Blips on Both Sides

The defense presented by the Clinton legal team in its initial three days of argument in the Senate was an impressive effort to recast the record in the most innocent fashion conceivable. The president's lawyers highlighted overlooked material from the grand jury proceedings, corrected distortions of the record by the House impeachment managers, distorted the record themselves at times and polished it all off with somewhat overstated constitutional arguments.

The White House had considerable help in making its arguments from the

impeachment managers themselves. It was, after all, largely the unscrupulous nature of the House's case that fueled the president's defense. On the strongest and most central perjury allegations — those related to the details of his sexual relationship with Monica Lewinsky — the president's defense remained unconvincing, while her testimony remains credible. Similarly, the strength of the White House's presentation on the obstruction of justice article highlights mainly the folly of the House's having impeached the president on this count without having done any investigation of its own.

—THE WASHINGTON POST.

Caution on a Missile Shield

During the Cold War, when the only real missile threat to America came from the Soviet Union, building missile defenses was rightly seen as a bad idea. The other side simply would build more offensive missiles so that some got through any shield. Today's world is different, with reckless lesser powers like North Korea developing long-range missiles that could one day reach U.S. soil.

The Clinton administration is right to devote money and effort to designing a limited missile defense system to counter that potential threat. But America's preparations have to be guided by the imminence of the danger, the technical challenges and the possible diplomatic consequences for managing nuclear relations with Russia and China.

The administration is acting responsibly in moving ahead with a \$4 billion research and testing program over the next six years and setting aside \$6.6 billion for possible future construction. But the White House must not let itself be rushed into a premature decision to proceed with construction. North Korea is closer to being able to launch a missile attack on the United States than was previously thought. The three-stage rocket it tested last year, once

—THE NEW YORK TIMES.

Seeds of Reconciliation

Iran is asking to buy a half billion dollars worth of wheat and other farm commodities from the United States. Such a deal would blow a gaping hole in the trade embargo Washington maintains against the Islamic revolutionary regime. This would no doubt please the Iranians. American farmers and their lobbies and legislators also like the idea. But a deal on Iran's terms would provide no assurance that it would address prime American concerns: Iran's support of international terrorism, its opposition to Middle East peace talks and its reach for weapons of mass destruction. These are good reasons for not being carried away.

But this is not the whole story. Just last month, unidentified thugs in Tehran were murdering noted dissidents and opposition figures. The West's hopeful cheer for the efforts of moderates to recapture the Iranian revolution for the rule of law were fading.

—THE WASHINGTON POST.

But that was before the stunning official announcement of the arrest of about 10 operatives of the state intelligence agency. A moderate faction identified with President Mohammed Khatami is putting these developments to the service of justice and reform. In revolutionary Iran, control of the security forces runs not to the government but to the religious hierarchy, which is led by Ayatollah Ali Khamenei.

Iran and the United States have grievances dating from the Cold War period but no real conflicts in abiding national interest; they share a concern for the stability and welfare of the Gulf. The murders were a step back in their relations. But the arrests and any trials to come could strengthen the case for restoration of diplomatic relations.

Grain sales would fit well in a context in which the interests of both countries were finally being addressed.

—THE WASHINGTON POST.

Herald Tribune

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France
Tel: (33) 1 41 43 51 00 Fax: Subscriptions: (33) 1 41 43 52 12, News: (33) 1 41 43 53 50
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U.K. Advertising Office: 63 Long Acre, London WC2, Tel: (171) 836-4902, Fax: (171) 240-2254
S.A.S. (an offshoot of IHT) 2000 Bldg, 73202126, Comisión París, No. 61337
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Brazil's Crisis Ricochets More Than Impeachment

By Moises Naim

WASHINGTON — The American presidency is under siege, and the world does not seem to care. Yet when Itamar Franco, a provincial governor in Brazil, recently decided to suspend debt payments to his national government, international markets trembled. His decision pushed the dollar down, shook up the financial markets and, a few days later, forced a devaluation of Brazil's currency.

"We obviously felt the shock," said the German finance minister, Oskar Lafontaine. Wim Duisenberg, president of the European Central Bank, publicly worried about the effect of Alan Greenspan or Robert Rubin were replaced, for example.

It also does not mean that economics has completely displaced politics as the force that shapes how countries relate to one another. Globalization has never been just about economics.

In fact, it is spawning new forms of international political contagion that are equally profound and potentially destabilizing, though not as widely recognized. Ask the Chileans — who have

endured riots and the potential derailment of their successful democratic transition, thanks to the actions of a judge on another continent — if they see globalization only as an economic phenomenon.

The attempt by a Spanish judge, Baltasar Garzón, to extradite Augusto Pinochet is a powerful reminder that if a country such as Brazil crashes, the international repercussions are profound, swift and very tangible. It is not that the United States does not matter. The world would not be indifferent if Alan Greenspan or Robert Rubin were replaced, for example.

Moreover, the number and nature of the actors who intervene in international affairs have also changed, as have the rules that guide their behavior.

Governments and their ministries of foreign affairs have even less control over which international issues become national priorities and how they should be handled. In the Pinochet case, a lone judge and a powerful coalition of international civil organizations led by Amnesty International

defined the issue, took action and created important precedents with consequences on a global scale.

Meanwhile, governments scrambled to improvise policies to respond to a confusing situation where past practices offered little guidance.

A world largely oblivious to the American president's impeachment yet hypersensitive to the actions of a provincial official in a less developed country and of a judge whose unilateral actions rocked the political system of a nation an ocean away is a world that has become interconnected in ways no one really understands.

What is clear, however, is that the average American family is likely to be more affected by the crisis in the Brazilian state of Minas Gerais than by the crisis in Washington. Too bad Congress has not noticed.

The writer, editor of *Foreign Policy*, contributed this comment to *The New York Times*.

Waiting for the 'Just King' to Calm Indonesia's Chaos

By Stanley A. Weiss

WASHINGTON — *Reading about the deepening crisis in Indonesia alarmed and confused me, so I asked a Javanese friend to help me understand events in his important country. I just received his letter, which says it best:*

You asked me to tell you what is happening in Java, and therefore Indonesia. The truth is, nobody knows. It can best be summed up by a recent headline in The Jakarta Post, "Soothsayers Predict Gloom."

As in the shadow play "Wayang Kulit," Javanese political philosophy requires a polarity of good and evil, an incessant rhythm of change, from times of chaos — periods of unrest, rebellion and turbulence — to times of peace under a *raju adil*, a just king.

And there is no denying that Java is going through crazy times. Harmony has vanished. Even the weather has gone mad. So much rain has fallen that the ancient temple of Candi Selogoro, after having withstood 1,200 rainy seasons, collapsed in a landslide three weeks ago. It never rains in Indonesia — it pours.

Respect for authority has vanished, as it always does after a dictator has been overthrown and his iron rule ended. Ke

formasi is fast becoming the rule of the mob. For too many people, it means doing exactly what they want. They have discovered that they now hold the power, but they do not yet know what power has responsibilities and obligations.

You bear a grudge; you do not like a new price; you feel that one of your colleagues has been slighted. The solution is simple. You burn the shop, the factory, the police station. The army and the powers-that-be are too scared to act. They sit idly by in an ever-present haze of smoke.

The economic situation is dreadful. The rupiah is stronger because the government goes into the market every day and exchanges \$30 million to \$50 million worth of dollar-denominated loans. Yet many parents are taking their children out of school because they cannot afford the 10,000 rupiah (\$1.25) to pay subsidized school fees for the term. Hoarding of essential goods is beginning again.

Corruption is worse than ever. The civil servants, and anyone else in a position to do so, engage in corruption because they would not survive otherwise. The rich and the powerful are lining their pockets with aid money again as they have to make a run for it.

Indonesians have always been masters at borrowing money, using and abusing all the big countries — Russia, China, Germany, Japan, the United States and now the International Monetary Fund. And what has it meant for ordinary people?

During the fasting month of Ramadan, the political climate was more subdued. Everybody, even the students, restrained themselves. Traditionally, compa

—panies provide their workers with an annual allowance before the end of Ramadan. This year there was little or none, and the poorer people have no money.

There is much anger and frustration under the quiet exterior of enduring acceptance. If this anger is not released soon, we are in for a long, messy process of continual decline, and that might lead to a real civil war.

Remember that President Suharto's "New Order," in which power passed to a small group in the army and in the internal security organization, remains intact. His supporters do not want to change, whatever they may claim. Change means their political, economic and social suicide. They have a vested interest in a slow, socially

disruptive but ultimately controllable period of bad news. This could persuade the people that the only answer is martial law and the postponement of the June elections.

But an eruption would create a general sense of *malu* (deep shame), encompassing all social classes, restoring peace and forcing change. It would be too strong for the ruling political elite to control by martial law. And I do not think the common soldiers can be counted on to fire on their own people; the soldiers all have family members who are suffering.

Out of all of this chaos and the subsequent sense of shame, the just king will emerge out of the cosmic light. I know this sounds as if I have gone mad, but this is Java. And we Javanese believe it in our souls, especially the philosophical intellectuals and the paranormals — the soothsayers, mystics and guns.

The rumors are that this ram

adil is somewhere in a political jail. If his name comes out too early, he is a dead man.

The paranormals — now all of Java — talk about Sept. 9, 1999: A row of nines, the sacred number of Java. That is a big, big day to watch. It is when the real action is supposed to take place.

Stanley, my friend, this is

crazy. Trying to analyze events in Java is impossible. Nobody knows what will happen. It is far too complicated. If one thinks about the reality, one just becomes confused. That is half the problem. No one is used to thinking, to having to take responsibility. We are all confused. It is Java.

But, although I sound incredibly pessimistic about the immediate future, I am totally optimistic about the long term for Indonesia. It is a country going through a bad dose of teenage years, acne-scarred and playing with drugs. That is all.

I replied to my friend: "Might it not be prudent, while waiting for the *raju adil*, for President Suharto to turn power over to a neutral, unambitious caretaker, as a new constitution is being written? He would have to be someone respected by both Javanese and non-Javanese, the students, workers, the moderate Islamic organizations and the military."

Mr. Weiss is chairman and founder of Business Executives for National Security, an organization of U.S. business leaders. He contributed this comment to the International Herald Tribune.

Exile Activists: Good Life Abroad but No Accountability

SINGAPORE — Exile, said

Lord Acton, the 19th century British historian, is "the nursery of nationality." In that, he anticipated Gandhi, who went to South Africa to practice law and returned 22 years later to fight for India's freedom.

But in this age of the fax and the Internet, immigrants see no reason to go home to fight the good fight. They can champion the cause of First World havens. As race fragments the world, and capitalism brings it closer together, immigrants who are determined to maximize the benefits of economic globalization seem to want the best of all worlds, like Kim

By Sumanta K. Datta-Ray

Kethavy, the millionaire American who ran for Parliament in his native Cambodia in the 1993 elections.

The world is on the move. The rich pursue advertisements offering Belizean or some other exotic citizenship for \$45,000 or a "fully renewable" European passport for \$27,000 "plus expenses." The poor mortgage themselves to syndicates that promise a landing job and opportunity.

The British Conservative politician Norman Tebbit once accused Indian, Pakistani and Caribbean settlers in Britain of disloyalty for cheering visiting

foreign country. A nice conundrum. The law giveth, and the law taketh away.

At least, British-Bangladeshis fight it out at home, as Gandhi did, unlike others who wage their battles from abroad.

(Chinese pro-democracy activists in the United States are excluded from this argument because they are not voluntary exiles.)

But expatriate Croatians in Australia hoisted the flag of independence before Croatia itself broke with the Yugoslav federation; Tamils in Canada finance Sri Lanka's separatist Tigers; Sikhs in California fuel the demand for a Sikh homeland in India, and Washington seems to expect Iraqi dissidents in London to liberate the motherland.

All these ethnic groups pour money and rhetoric on the shrine of an abandoned homeland. They pay no taxes there, bear no responsibilities and are not accountable to anyone. But, like Filipino workers abroad whose remittances matter to Manila, absence makes them far more consequential to the country of birth than they will ever be in the land of adoption.

The great immigrant nations want legal migrants assimilated as quickly as possible, like Greek-Australians with resounding Anglo-Saxon names.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1899: Modern Kaiser

BERLIN — The Emperor William II is a modern monarch, and a man of progress. He has just issued an order permitting official so-called "immediate reports" submitted to him by various Government offices to be written henceforth by the typewriter. The typewriter thus becomes Hoffmühle (admissible to Court) and, what is more, admissible to society. It has not hitherto been thought polite to use the typewriter for other than business letters.

His majesty has made, however, a restriction, directing which machine is to be used.

1924: Lenin Dies

MOSCOW — Lenin, the founder of Bolshevism, died this morning [Jan. 23]. After an illness lasting nearly two years, his condition became suddenly worse, and at five he lost con-

sciousness, death following two hours later from paralysis of the nerve center. He was fifty-three years old. A proclamation has been issued announcing that "Lenin is

U.S. and EU On Brink of Trade War

Dispute Over Imports Of Bananas Worsens

Compiled by Our Staff From Dispatches

BRUSSELS — Fears of a trans-Atlantic trade war over the European Union's restrictions on banana imports grew Friday as the EU and the United States clashed bitterly over how to resolve the dispute.

The European commissioner for international trade, Sir Leon Brittan, said the bloc had asked the World Trade Organization's General Council to rule on whether the United States has the right to impose sanctions over a claimed failure by the European Union to amend its banana import regulations to comply with a WTO ruling.

Sir Leon said the move to ask all WTO members for a ruling on the interpretation of the rules was aimed at finding an "amicable solution" to the dispute.

But Rita Hayes, the U.S. ambassador to the WTO, said she was "appalled" by the EU proposal, which she described as a "gimmick" carried out in bad faith. The EU initiative is designed to head off an expected U.S. request for WTO authorization to place punitive, 100-percent tariffs on selected imports from Europe as of Feb. 1. The request is due to be put to the WTO on Monday.

The United States believes it is justified in the action, insisting that the EU has not changed its banana import regime to comply with a WTO ruling that discriminates against U.S. multinationals in favor of producers from former European colonies in Africa and the Caribbean.

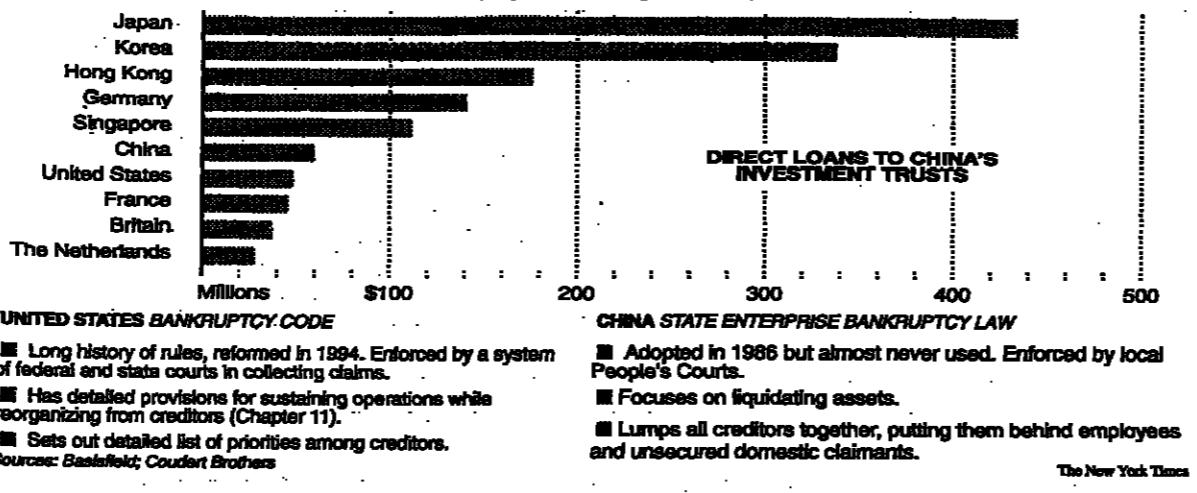
The EU insists it has made significant changes to the regime and that the United States must await a new WTO ruling on the revised system before resorting to "unilateral" retaliatory action.

Japan said Friday that it would back the EU in opposing unilateral U.S. sanctions. Also on Friday, Finance Minister Kiichi Miyazawa called for bilateral talks on the U.S.-Japan steel trade, saying he did not believe Japanese steel exports to the United States would rise significantly in 1999.

The United States has accused Japan of flooding the market with cheap steel exports and contributing to the U.S. trade deficit, which rose sharply in November. (AFP, Bridge News)

In China, No More Guarantees

When one of China's largest state-owned investment trusts ran into trouble, foreign bankers expected to be bailed out. But China invoked its seldom used bankruptcy law, leaving outside creditors in the lurch.



■ Long history of rules, reformed in 1994. Enforced by a system of federal and state courts in collecting claims.

■ Has detailed provisions for sustaining operations while reorganizing.

■ Sets out detailed list of priorities among creditors.

Source: *Wall Street Journal*, *Conde Nast Traveler*

■ Adopted in 1986 but almost never used. Enforced by local People's Courts.

■ Focuses on liquidating assets.

■ Lumps all creditors together, putting them behind employees and unsecured domestic claimants.

The New York Times

■ Major state-owned enterprise — let alone one with foreign creditors such as Citigroup, Merrill Lynch & Co., HSBC Holdings PLC, and Sumitomo Bank Ltd.

But all that is changing. Beijing's decision to crack down on profligate borrowing, China watchers say, reflects a broader crusade by Prime Minister Zhu Rongji to make China's corporate sector more rational and its economy more efficient. The GTIC bankruptcy will be a litmus test of Beijing's resolve, according to lawyers and bankers.

GTIC functioned as the main fundraising arm of the Guangdong government, and it is controlled by the provincial authorities, who have often enlisted it to help finance projects, such as the toll highway that connects Hong Kong to Guangzhou.

Over the last decade, GTIC borrowed billions of dollars mostly in foreign currency and not approved by Beijing — to pay for a pel-mel expansion into real estate, hotels, securities trading, even silk manufacturing. GTIC's distinctive orange logo sits atop dozens of apartment blocks in this clamorous city, while its 63-floor headquarters was until recently the tallest tower in Guangzhou.

The trouble is, most of GTIC's businesses lose money, and the company capitalized under \$4.3 billion in debt. When skittish Japanese and South Korean banks called in their loans last fall, GTIC could not pay. The Guangdong government cobbled together funds to keep it afloat. But Beijing, eager to rein in the maverick province, shot down the plan.

On Oct. 6, the central government shut down GTIC and appointed the People's Bank of China to start liquidating it. "This company was basically squandering state resources," said Lawrence Lau, director of the Center for Economic Policy Research at Stamford University. "The

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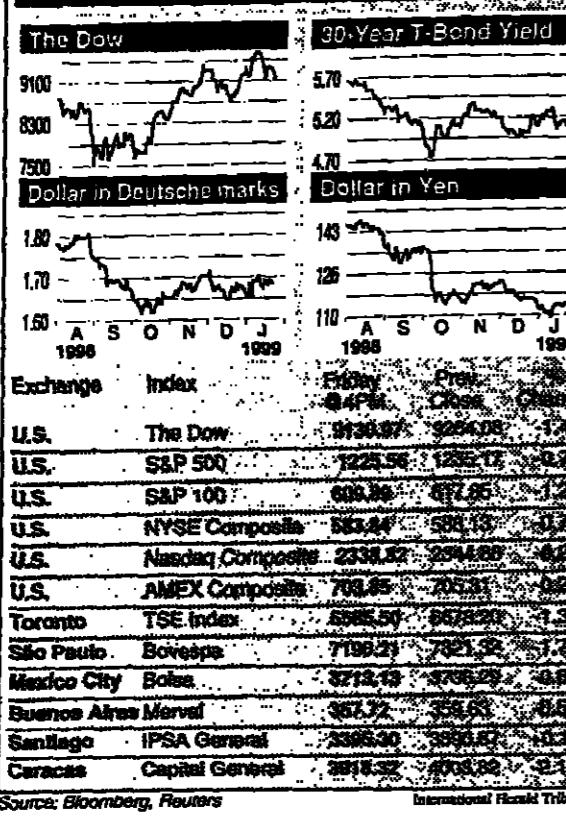
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THE AMERICAS

Investor's America



Source: Bloomberg, Reuters

Brazil and IBM Keep Blue-Chips Down

Compiled by Our Staff From Dispatches

NEW YORK — Stocks closed lower Friday, with worries about the fallout from Brazil's economic problems and sharp losses by IBM hitting the market.

The Dow Jones industrial average closed 143.41 points lower at 9,120.67, and the Standard & Poor's 500 index ended down 9.97 points at 1,225.19. Declining issues outnumbered advancing ones by a 3-to-2 ratio on the New York Stock Exchange. The Nasdaq composite closed down 5.84 points at 2,338.58.

Concerns that Brazil's economic instability and currency devaluation could weaken other countries in Latin America — a major U.S. trading partner — weighed on stocks. São Paulo's Bovespa stock index tumbled about 2 percent on worries about the real and the flight of dollars from the country, Latin America's biggest economy.

"Brazil is a factor," said Donald Selsin, chief market strategist at Joseph Gunmar & Co. "But I don't think it is going to derail the bull market."

IBM was the biggest loser on the Dow, falling 17 to 180 after reporting disappointing sales of its computer servers in the fourth quarter.

U.S. STOCKS

While the computer giant posted a 12 percent increase in earnings, most of the growth came from computer services and software products rather than in its core business.

"When IBM earnings came out good, but not spectacular, it combined with Brazil for a general relocation," said Dan Ascari, president and director of research at Global Market Strategists.

Lucent Technologies, which on Thursday also reported strong earnings but sales that slightly disappoint-

ed analysts, fell 3.34 to 103.31.

"When you look at stocks like IBM and Lucent, they were priced for perfection," said Jon Oleaky, head of block trading at Morgan Stanley Dean Witter & Co. Investors want to see "not a hiccup, not a wrinkle."

Some Internet stocks, which fell sharply in early trading, rebounded near the close. While investors worry that the Internet stock boom will soon end, many could not resist the bargains available after a steep sell-off on Thursday.

"If you look at where prices were a few weeks ago and where they are now, of course you have people jumping in to buy them because they think they are bargains," said Barry German head trader for Robert W. Baird & Co.

Amazon.com, the leading on-line bookseller, rose 17 to 123, and Yahoo!, the leading Internet search service, rose 204 to 2,854.

Investors also were still willing to take a chance on relative unknowns.

Covad Communications rose 27% to 45% after an initial public offering of 7.8 million shares priced at 18. The company provides high-speed Internet access over copper telephone lines.

Imaginon rose 1 to 6.25/32 after it said it expected to win a patent for its "WebZinger" Internet search technology.

In the Treasury bond market, the price of the benchmark 30-year issue rose 22/32 to 102 14/32, sending the yield down to 5.09 percent from 5.13 percent Thursday. Investors worried about the safety of emerging markets moved funds to U.S. bonds, analysts said.

"It's a safe-haven situation,"

said Ted Rivelle, chief investment officer at Metropolitan West Asset Management.

(Reuters, Bloomberg, AP)

Uncertainty Hovers Over The Dollar

Compiled by Our Staff From Dispatches

NEW YORK — The dollar was mixed against other major currencies on Friday amid investors' fears that the Brazil financial crisis could spread to other emerging markets, forcing Argentina, China and Hong Kong to devalue their currencies.

The worries spread after comments by Burton Biggs, an analyst at Morgan Stanley Asset Management who said Thursday in Tokyo that China may be forced to devalue the yuan, and that speculators might attack the Hong Kong dollar again.

Dealers said the Biggs comments reinforced market sentiment that if

FOREIGN EXCHANGE

the devaluation of the Brazilian real gets out of control, other emerging market currencies are at risk.

China and Brazil are seen to have broadly similar economic problems, with large populations, rising costs and sluggish exports.

The dollar was quoted at 4 P.M. at 114.425 yen, up from 113.70 yen Thursday, but it declined to 113.80 Swiss francs from 113.84 francs.

The euro declined to \$1.1595 from \$1.1602, but the pound rose to \$1.6563 from \$1.6515.

Chinese unemployment is swelling, living costs are on the rise, and exports are stagnant — all reasons the country could benefit from a weaker currency.

Some economists, though, said a devaluation would do more harm than good, crimping foreign investment into China and cutting the country's purchasing power.

For Japan, a weaker yuan would make its goods relatively more expensive on world markets and could, thereby, drive the world's second-largest economy deeper into recession.

"What Japan doesn't need is stronger competition in the export markets," said Denis Gould, at Asia Sun Life Investment Management in London. "I would be surprised if China doesn't devalue this year."

Japan, meantime, insists its economy is looking up. The vice finance minister for international affairs, Eisaku Sakakura, said Friday the country's financial crisis was nearing an end.

"Japanese banks are restructuring aggressively, and I think the Japanese financial crisis is about to end," he said. "The Japanese economy will rebound in the middle of 1999." (Bridge News, Bloomberg)

Teenage Buyers Sour on Pro Sports Apparel

By Stephanie Stoughton
Washington Post Service

Alexandria, said most of his customers were 25 and older. The younger generation prefers to buy brand-name clothing, particularly Hilfiger designs, at other stores in the mall, he said.

"A lot of 16- and 17-year-olds are working, and they can buy Tommy and Polo clothing and Eddie Bauer jackets," he said.

The fading popularity of team apparel is a telling example of how the echo boom is starting to flex its economic muscle. The 27 million teenagers in America spent about \$14.1 billion in 1998.

This is something marketers have

discovered the hard way. After a long boom in sales, the NEL in 1996 began to see Tommy Hilfiger swipe some of its market share. The league is trying to entice youths back with new designs and color mixes.

Estimated sales of licensed basketball team apparel and other products dropped almost 40 percent to \$1.4 billion last year, according to License magazine, although the NBA lockout that started last summer was partly to blame.

Marketers and the leagues are particularly worried about their lost sales because research indicates that teenage trends tend to solidify rather

than shift as the teenagers head into their twenties. Teenagers also influence clothing trends for their parents and younger siblings.

Retailers complain that it is hard to figure out what teenagers want.

Peter Connolly, executive vice president of worldwide marketing at Tommy Hilfiger, said the company combed the streets to see what teenagers were wearing. What they really dislike, he said, is someone older telling them what to wear.

"There's nothing worse," Mr. Connolly said. "It's a bunch of 35- to 40-year-olds trying to figure out what teenagers want."

DirecTV Offers \$1.8 Billion for Primestar

The Associated Press

NEW YORK — DirecTV Inc., the biggest U.S. satellite television service, said Friday that it was buying its No. 2 rival, Primestar Inc., for \$1.82 billion, in a deal that leaves only two major players to compete with cable in the satellite-dish industry.

The deal, announced Friday, along with DirecTV's pending purchase of a movie-channel service, will give DirecTV about 7 million U.S. subscribers and more than 370 channels. Its closest competitor, EchoStar Communications Corp., has about 2 million subscribers.

Primestar, controlled by five major cable companies, was initially

created to reach mostly rural customers who were unable to get cable. But the company has been struggling since a deal to buy Rupert Murdoch's U.S. satellite business was scrapped last year.

Primestar, based in Englewood, Colorado, has about 2.3 million subscribers to its 160-channel service. Primestar is owned by Tele-Communications Inc., Time Warner Inc., MediaOne Group, Comcast Corp. and Cox Enterprises Inc.

DirecTV has 4.5 million subscribers and is owned by Hughes Electronics Corp., an El Segundo, California-based unit of General Motors Corp.

DirecTV will acquire Primestar's medium-power satellite service and its ownership of high-power satellite licenses that allow for more channels than medium-power service. DirecTV and EchoStar own the only other satellite licenses for high-power direct broadcasting.

The deal is subject to approval by GM's board, Primestar's lenders and government regulators.

In December, DirecTV announced a \$1.3 billion takeover of United States Satellite Broadcasting in a move to expand its dominance in satellite broadcasting, with plans to provide a range of TV and Internet-access services.

Very briefly:

• Caldor Corp., a discount retailer that has been operating under bankruptcy court protection since 1995, announced that it was closing its 145 stores in nine East Coast states. The decision to liquidate the company follows the refusal of a group of creditors to agree to a reorganization plan, the Caldor management said.

• BankAmerica Corp. wants to cut its emerging markets exposure by another 50 percent, although reaching that goal is not certain, its chief financial officer, James Hance, has told analysts. The biggest U.S. bank cut its emerging market exposure, including loans and investments, to \$36.7 billion from \$41 billion in the fourth quarter.

• IMC Global Inc., one of the world's biggest fertilizer and salt companies, agreed to sell its distribution unit for \$300 million to Royster-Clark, an agricultural wholesaler and retailer. The sale will result in a fourth-quarter charge of about \$75 million, or 65 cents a share, the company said. The sale is part of IMC's plan to cut costs and boost profit. IMC has combined or sold units and cut 530 jobs since September.

• Seagram Co.'s Universal Music Group, the world's biggest music company, fired 500 U.S. employees, the first of several planned cuts, as it absorbs its newly acquired PolyGram NV, a source familiar with the move said. The cuts amount to about 3 percent of Universal Music's 15,500 worldwide work force.

• Knight Ridder Inc., which publishes the Miami Herald, Philadelphia Inquirer and San Jose Mercury News, said fourth-quarter profit from continuing operations fell 7.3 percent, to \$80.3 million, on lower advertising sales and weakness at some of its dailies.

• Sun Microsystems Inc. reported slightly better-than-expected second-quarter net income of \$261.1 million for the quarter ended Dec. 27, up 22 percent from a year ago, due to strong sales of servers, workstations, services and storage products. The company, which has seen its stock soar in recent weeks, also announced a 2-for-1 stock split to shareholders of record on Jan. 21.

AP, Bloomberg

U.S. STOCK MARKET DIARY

Friday, Jan. 22
Indexes
Most Actives

NYSE
Dow Jones
S&P 500
S&P 100
S&P 400
S&P 600
S&P 800
S&P 1000
S&P 1500
S&P 2000
S&P 3000
S&P 4000
S&P 5000
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uncertainty
lowers the
Dollar

High Profits at Porsche and Opel

Export Sales Led the Way, Germany-Based Carmakers Say

Compiled by Our Staff From Dispatches

FRANKFURT — Porsche AG and Adam Opel AG said Friday that their earnings rose last year, mostly because of strong export sales.

Opel, a unit of General Motors Corp., said it expected to post net profit of more than 400 million Deutsche marks (204.5 million euros; \$237.3 million) for 1998, after a loss of 228 million DM in 1997. Sales rose to a record 30.2 billion DM from 30.0 billion DM.

Porsche expects its full-year profit to top the record 324 million DM it earned in 1997, and said sales would exceed 5.5 billion DM, compared with 4.9 billion DM.

Opel said total sales of its new Astra model reached 219,000 in 1998, although the company's German market share slipped to 14.2 percent from 16.8 percent in 1997.

Porsche sells about 75 percent of its cars abroad, and North America is its biggest market. Because its results are preliminary, Porsche did not break out its U.S. unit sales figures, but a spokesman said U.S. sales were "very strong."

The company's sports cars have thrived in the United States, largely because of the strength of the U.S. economy and the popularity of the new Boxster and the redesigned 911.

"The U.S. is very important for Porsche," said Lothar Lubinetski, an analyst at Eusticola Securities in London, who said Porsche's sales could cool slightly in the second half as the European car market slows.

Porsche said it planned to introduce a sport-utility vehicle to compete with DaimlerChrysler AG's Jeep Grand Cherokee and Toyota Motor Co.'s Land Cruiser. Sales of

the vehicle are to begin in 2002.

The new vehicle will be developed with Volkswagen AG, and both companies will offer such a car using the same platform, although with different equipment and appearance. No decision has been made as to where the car will be produced, and Porsche hopes to sell 20,000 annually.

Opel's profit rebound comes on the heels of a change in its management. In late October, GM announced that Robert Hendry, chief executive at Saab Automotive AB, would take over at Opel, replacing Guy Cowger, who returned to the United States to head labor relations.

Mrs. Cowger had been at Opel's helm for only a few months, replacing David Herman, who left last summer after six years as chief. (Bloomberg, AFP, Reuters)



Wendelin Wiedeking, Porsche's CEO, at a shareholders' meeting.

A Big Jump For Matif? Maybe Not

Bridge News

PARIS — Executives at Matif, the French futures exchange, acknowledged Friday that published figures supporting its efforts to remain a player in a key area of the market for European financial derivatives were not quite what they seemed.

According to an advertisement in the Financial Times on Friday, open interest — the total number of contracts outstanding — for the exchange's short-term interest-rate futures totaled 400,000 contracts.

However, Matif had said Tuesday in a press release that open interest totaled 224,000 contracts, implying a sharp increase in a short time.

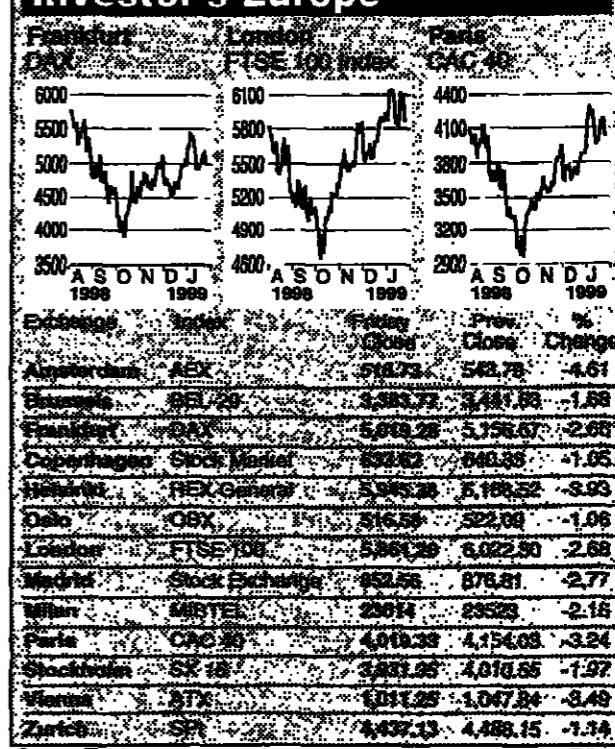
Matif officials said Friday that the new figure for open interest included open interest in the futures contract on the Paris interbank offered rate, or Pibor, which has not traded since Dec. 30.

The contract became redundant with the Jan. 1 introduction of the euro, when Pibor technically became the same thing as Euribor, the European interbank offered rate. On Tuesday, Matif did not include the Euribor equivalent of the Pibor contracts in its volumes.

The exchange's interest-rate future is now indexed to Euribor, and is competing with similar contracts listed on Eurex — the German-Swiss derivatives exchange — and the London International Financial Futures and Options Exchange. The desire to show strong levels of open interest is emblematic of the battle among the three exchanges to establish a dominant position in the market for Euribor rate futures.

The fight is of particular importance to Liffe. The London exchange rapidly lost business in its former flagship contract, futures on long-term German government bonds, to Eurex in 1997 and 1998. Matif executives denied that they used creative accounting in the advertisement of the exchange's open interest figures, pointing out that the Pibor and Euribor contracts were effectively identical. Indeed, Pibor positions can be switched into Euribor contracts free of charge until June 14. But many users who opened Pibor positions to hedge against market movements may simply leave them open until they expire.

Investor's Europe



Source: Telkaus

International Herald Tribune

Very briefly:

• Royal & Sun Alliance PLC is considering a cash-and-share bid for rival Guardian Royal Exchange, which put itself up for sale last year and asked Morgan Stanley & Co. to help in the auction process after it received informal bids.

• Siemens AG's net income climbed 12 percent in the first quarter that ended Dec. 31 to 639 million Deutsche marks (\$378.8 million), as sales rose 16 percent to 28.8 billion DM.

• Cellular Communications International Inc. directors recommended accepting a revised \$1.8 billion bid from Olivetti SpA and Mannesmann AG. CCI, whose sole asset is 10.3 percent of Omnitel Pronto Italia SpA, rejected Olivetti and Mannesmann's previous \$1.5 billion bid last week.

• Nokia Oy of Finland won an order to supply transmission equipment and services to Tele2 Europe of Luxembourg to build the backbone of a 12-country European telecommunications network that includes telephony, fax, data transmission and access to the Internet.

• France Telecom SA plans to spend \$2 billion over 10 years on Dutchie, its joint venture with Rabobank Nederland NV and ABN-Amro Holding NV.

AFP, Bloomberg, Bridge News, Reuters

An Easier Road to Euro for U.K.?

The Associated Press

FRANKFURT — The European Central Bank chief Friday suggested easing conditions for Britain to join the single European currency.

Until now, candidates had to show stability in exchange

rates with European currencies for at least two years.

Wim Duisenberg, president of the European Central Bank, suggested the two-year bond be dropped in favor of "a protracted period of stability" in exchange rates.

Peugeot Proposes Plan on Short Workweek

Compiled by Our Staff From Dispatches

PARIS — PSA Peugeot Citroen SA offered on Friday a plan to its employees to shorten the average workweek to 35 hours without cutting wages.

The plan, coming after four months of negotiations with unions, also would cut staff through a major early retirement program and make room for younger workers. It envisages 12,500 early retirements over five years, with a third of the departing staff to be replaced by younger workers.

Trade unions have been given 10 days to respond to the plan. Their initial reactions were mixed. Joel Moreau, a representative of the General Labor Confederation, or CGT, told France Info radio that the union would not sign, saying the 3-to-1 ratio of

retirements to new hires was unacceptable.

But Michel Prost of the Confederation of Independent Unions, or CSU, said there were positive elements in the plan.

An accord would represent a success for the Socialist-led government, which is pressing private-sector companies to negotiate agreements for a 35-hour average workweek in a bid to bring down France's 11.5 percent unemployment rate.

In London, meanwhile, Peugeot said it would hire additional workers at its plant in Coventry, England, as it adds shifts and increases output to keep up with strong demand for its 206 small car model.

Peugeot shares closed Friday in Paris at 138 euros (\$160.11), down 2.40 euros. (Reuters, Bloomberg)

U.K. Economy Barely Escapes Falling Into Recession

Compiled by Our Staff From Dispatches

LONDON — The economy narrowly avoided falling into recession in the fourth quarter, figures released Friday showed, as the service sector expanded enough to offset weakness in the manufacturing sector.

Preliminary estimates showed that Britain's gross domestic product rose 0.2 percent in the quarter and 1.6 percent for the year, the Office for National Statistics said. But the quarterly rise was the lowest since the second quarter of 1992, when Britain was mired in its last recession, and the annual growth rate was the weakest since

I think that's a bit unlikely, and certainly a major recession is even more unlikely," he said.

A recession is defined as two consecutive quarters of negative growth. A contraction in the fourth quarter of last year would have provided the base for what is widely expected to be negative growth in the first quarter of this year.

"It shows those making predictions to the contrary were wrong," a spokesman for Prime Minister Tony Blair said.

But analysts warned the data could be revised downward when revised figures are released in February.

"There does appear to be a certain amount of downward momentum, which may show up in the next couple of quarters," said Jonathan Loynes, economist at HSBC.

Analysts also agreed that the Bank of England was likely to maintain its aggressive rate-cutting stance. The central bank has cut its base rate 1.5 percentage points since October. It now stands at 6 percent.

"We still think they will squeeze in a February rate cut, and possibly pause for a couple of months to assess the impact of the easing," Mr. Loynes said. (Bridge News, Reuters)

WORLD STOCK MARKETS

Friday, Jan. 22

Prices in local currencies.

In euros for U.K. companies.

Telekurs

High Low Close Prev.

Amsterdam AEX Index 518.79

Previous: 518.79

Frankfurt DAX Index 3,744.67

Previous: 3,744.67

London FTSE 100 4,712.28

Previous: 4,712.28

Helsinki HX Index 1,045.20

Previous: 1,045.20

Bangkok SET 1,014.10

Previous: 1,014.10

Athens Composite Index 2,765.71

Previous: 2,765.71

Commercial Bl. 2,900.00

Previous: 2,900.00

Ergo Bl. 3,645.00

Previous: 3,645.00

Hellenic Building 3,645.00

Previous: 3,645.00

Hellenic Com. 3,645.00

Previous: 3,645.00

Hellenic Con. 3,645.00

Previous: 3,645.00

Hellenic Ind. 3,645.00

Previous: 3,645.00

Hellenic Inv. 3,645.00

NYSE

Friday's 4 P.M. Close

The 2,300 most traded stocks of the day.
Nationwide prices not reflecting late trades elsewhere
The Associated Press

The Associated Press

Continued on Page 14

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Malaysia to Set Proposals for Easing of Capital Controls

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Plans to ease controversial controls on capital flows are likely to be presented to about 40 fund managers and bond investors when they meet beginning Monday in Kuala Lumpur with Prime Minister Mahathir bin Mohamad and other government and business leaders.

Mr. Mahathir, officials confirmed Friday, is willing to ease the controls and let foreign fund managers take out a portion of an estimated \$10 billion locked in the country's stock and bond markets.

Finance Minister Daim Zainuddin said in an interview last month with the International Herald Tribune that he was weighing two possible alternative policies to replace "as soon as possible" the one-year ban on the repatriation of funds by foreign portfolio investors.

Mr. Mahathir will call on fund

managers to bring in fresh capital and buy the country's bonds. Kuala Lumpur is seeking ways of attracting foreign investors back after it frightened them off by imposing capital controls in September. In addition to pegging the currency at 3.80 ringgit to the dollar, the curbs also prohibit foreigners from repatriating equity investments for one year following the purchase date.

Analysts estimate that Malaysia needs to raise as much as 60 billion ringgit (\$15.8 billion) through the year 2000 to recapitalize its banks and bolster spending enough to emerge from the country's worst recession in a decade.

Ian Lui, a fund manager with Indocom Singapore Ltd., said, "After some initial capital outflow by funds that need to fulfill their redemption obligations, I think the net-net effect will be more funds flowing in."

The meeting of foreign fund man-

agers is being arranged by Salomon Brothers, which is serving as Malaysia's financial adviser. The attending investors include Jardine Fleming Holdings Ltd., J.P. Morgan & Co., and Prudential Investments. Salomon is advising the Malaysian government on ways to improve its economic performance.

One option that serves Malaysia's aim of keeping short-term hedge funds is the Taiwan model of a rating scale of "most favored investors," where long-term qualified financial institutions are favored over short-term hedge funds through a graduated scale of incentives and exit taxes, one government official said.

The exit tax could run as high as 30 percent for funds that keep their capital in the country for less than three months, the official said.

"If Malaysia is able to prove to the world that you can differentiate the types of capital flow you pick for

economic development, other countries might look at it and follow suit," said Fong Cheng Hong, an analyst with Nomura Securities Pte. in Singapore.

Malaysia is already letting some foreign investors slip through its exchange controls net.

Jardine Fleming Unit Trust Ltd. raised \$7.6 million from selling 46 percent of JF Malaysia Trust's total assets as of Jan. 14, the fund management firm said in a Jan. 15 letter to owners of that fund.

Other fund managers said Jardine probably did a swap with Blue Circle Industries PLC, a British cement producer that is making a direct investment in Malaysia. On Dec. 23, the Malaysian central bank approved a 600 million ringgit currency swap plan proposed by Blue

Circle, allowing fund managers to get their money out of the country by swapping their ringgit for the dollars to owners of that fund.

Blue Circle is investing. Direct investment is exempt from the country's capital controls.

(Bloomberg, AP)

■ **Central Bank Praises Euro**

The Malaysian central bank on

Friday welcomed the introduction of the euro, saying the new currency

had been made part of the nation's

reserves and would provide relief to

importers and exporters, Reuters re-

ported.

Bank Negara welcomes the in-

roduction of the euro," a repre-

sentative of the central bank said.

Mr. Daim, the finance minister, said this month that the euro would enable Malaysia to reduce its re-

liance on the dollar in foreign trade.

Bank Negara declined to say

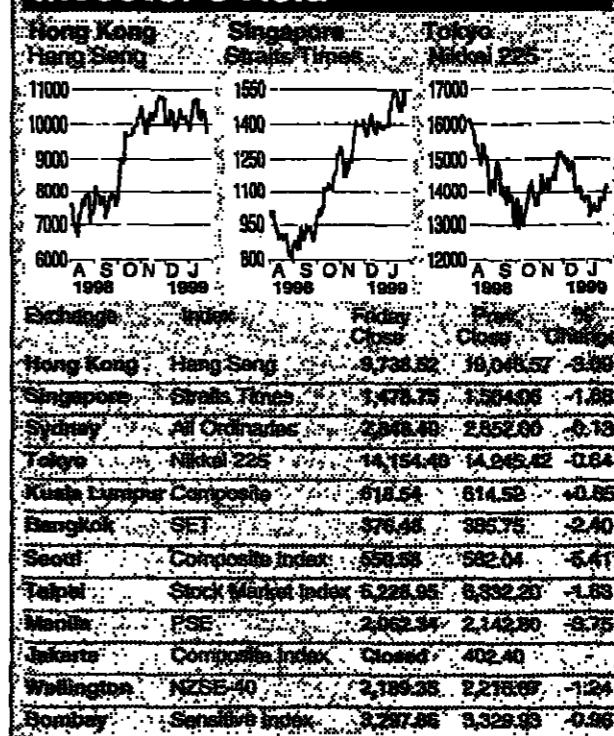
whether the emergence of the euro

would permit Malaysia to scrap its

peg against the dollar earlier than

otherwise.

Investor's Asia



Source: Telakurs International Herald Tribune

'Mr. Yen' Is Optimist on End of Crisis

Compiled by Our Staff From Dispatches

TOKYO — Japan's top financial diplomat predicted Friday that problems of the country's banking sector could be cleared away soon and reiterated that the economy will pick up in the middle of this year.

"I think all the weak links in Japan's financial system will be cleared by the end of fiscal 1998," which ends on March 31, Eisuke Sakakibara, vice finance minister for international affairs, told the Foreign Correspondents' Club of Japan. "The Japanese economy will rebound in the middle of 1999."

He said Japanese bank restructuring would proceed very aggressively in the coming months because of an independent and tough regulator — the newly created Financial Supervisory Agency — which has so far put two of the nation's 19 major banks under state control.

The senior official, known as "Mr. Yen" for his influence on the currency markets, also said Japan had no plans to change the composition of its foreign reserves following the Jan. 1 launch of the euro.

"As far as Japan is concerned, we do not have any intention of shifting our portfolio in foreign reserves," Mr. Sakakibara said. The make-up of Japan's huge foreign reserves remains secret, but the bulk, probably 70 to 80 percent, is in dollars.

Mr. Sakakibara also said that the Japanese government viewed both an excessively weak yen and an excessively strong yen as undesirable.

He also made a plea for a new



Eisuke Sakakibara speaking Friday in Tokyo. He said the country's economy would "rebound in the middle of 1999,"

architecture of the financial system.

A new foreign-exchange system has to be "thoroughly discussed in the months leading up to the Cologne summit" of the Group of Seven industrialized countries plus Russia.

But he was reluctant to specify a solution for stabilizing rates between the dollar, the euro and the yen.

"I am not suggesting that Japan would support target or reference zones" among the three currencies, he said. "We are ready to discuss with Oskar Lafontaine but we are not supporting his ideas at this stage," he said, referring to the German finance minister.

Although Germany favors the idea of target zones, the United States is opposed to any such system. Mr. Sakakibara ruled out any possibility of Tokyo using its large holding of U.S. Treasury bonds as

"leverage" against Washington, as some Japanese politicians have suggested in the past.

When asked about uncertainty in the global market in the near future, Mr. Sakakibara said, "I tend to agree with Mr. Greenspan that there is a possibility that the U.S. equity market is overvalued."

On Wednesday, the Federal Reserve Board chairman, Alan Greenspan, speaking on the U.S. economy to the House Ways and Means Committee, warned that stock market prices had risen further than profit growth would seem to justify.

Mr. Greenspan also said the recent weakening in corporate profits raised the possibility that the strength in the stock markets "will have difficulty in being sustained."

(Reuters, AFP, Bridge News)

Continuing Deflation Fuels Pessimism in Hong Kong

Compiled by Our Staff From Dispatches

HONG KONG — Hong Kong recorded a second consecutive month of deflation in December, the government said Friday in a statement that heightened fears that the territory will slide deeper into recession.

The composite consumer price index fell by 1.6 percent in December from a year ago, the Census and Statistics Department said.

The index had shed 0.7 percent in November, the first time Hong Kong experienced deflation in the 23 years that statistics have been kept.

"This continues the trend we've seen for the whole year, going from disinflation to deflation," said Ian Perkin, an economist at the Hong Kong Chamber of Commerce.

For the full year, consumer prices increased 2.8 percent, the lowest level of inflation since 1985, when the composite consumer price index rose 3.5 percent.

Lower-priced imports from other recession-struck Asian nations, as well as government rebates in the second half of the year, kept prices down, the government said.

The cost of clothing, footwear, housing and durable goods posted the sharpest falls in December, it said.

While deflation can be a sign of a weak economy, some analysts said halting prices could eat back business costs and help Hong Kong regain competitiveness, at least for the short term.

Falling prices cut "your cost of goods and your cost of doing business," said John Seel, an economist

with Morgan Stanley Asia Ltd.

But other analysts saw it as a sign of weak consumer demand and said that rising unemployment was likely to keep demand falling.

"Consumers may delay consumption, and that means we're not going to see a strong recovery," said Benjamin Tse, an economist at ING Barings Securities Ltd.

"All of this should be expected, but in the short term it will add to pessimism about the economy."

Unemployment rose to a record 5.8 percent in the three months to December, from 5.5 percent in November.

Economists say the jobless rate could balloon to as high as 9 percent by the end of this year or early next year.

Hong Kong's economy shrank 7 percent in the quarter from July to September and government officials estimate the economy contracted 5 percent over the past year.

(AP, Bloomberg)

Sega Seeks Lift Through Big Bond Sale

Bloomberg News

TOKYO — Sega Enterprises Ltd. plans its largest-ever convertible bond sale next month

to finance development of software for its DreamCast game system in a bid to capture a larger share of a global market dominated by Sony Corp. and Nintendo Co.

Sega said Thursday that it would sell 30 billion yen (\$263.85 million) in seven-year convertible bonds domestically and 50 billion yen in four-year convertible bonds outside Japan. That would be the largest such sale by a Japanese company since December 1996, when

Sega will spend some of the proceeds on game software for its DreamCast machine. The player went on sale Nov. 23 in Japan and will arrive in U.S. stores in September.

Sega's success in taking a greater share of the \$15 billion global market for video games depends on whether it can present a strong lineup of software for the DreamCast, which features graphics technology superior to Sony's PlayStation or Nintendo's Nintendo64, but currently offers few games.

BANKRUPTCY: A New Tone

Continued from Page 9

province wasn't supposed to guarantee its loans, but it did. And the Western banks were colluding with these guys."

The bankers, however, insist they made loans to GITIC in good faith — not as part of a collusive deal with provincial leaders. Many regard Beijing's action as less a courageous stand than a craven betrayal.

"China's credibility could be badly damaged by how this was handled," said Brian Lipsey, managing director of Tokai Bank Ltd., a Japanese bank with modest exposure to GITIC. "I'm not saying the government should bail out every company, but the process has to be in accordance with international norms."

The bankers say they believe they had guarantees from provincial officials that either Guangzhou or Beijing would stand behind their loans if GITIC went sour. Sometimes these guarantees came in the form of handshakes; other times they were set out in "letters of comfort."

In the aftermath of GITIC's collapse, banks have begun calling in loans to other troubled Chinese companies. As they do, more Chinese companies are defaulting. Dalian International Trust & Investment Corp., the fund-raising arm of the northern city of Dalian, recently acknowledged that it had missed payments on foreign loans. Other investment-trust companies affiliated with Guangdong, Fujian, and Hubei provinces have also missed payments.

For now, the Chinese debt crisis is mainly limited to investment trusts. These financial institutions, known as ITICs by investors, sprouted like weeds after Deng Xiaoping opened the economy in 1978. Their purpose was to raise money from outside China for the provinces. But with their loose management and shaky finances, they became the Chinese equivalent of the U.S. savings and loan debacle.

Last week Beijing said it planned to prune the number of investment trusts to 40 from 240. That will mean shunting or investing scores of ITICs, most of which owe money to foreign banks. Basisfield, a research firm that tracks corporate debt banks, Basisfield, a research firm that tracks corporate debt



A bust of Pope John Paul II on sale at a store in Mexico City. The Pope arrived in Mexico on Friday for the start of a four-day visit.

Continued from Page 1

business and bad taste, particularly the Sabrinas, which have prompted gibes and ridicule and vulgarity, as if the Pope were a soccer player or a prominent showbiz figure," said Bernardo Barranco, president of Mexico's Center for Religious Studies. Of the companies involved, he said, "When it comes to capitalizing on the Pope's visit, they're just going after profits."

"It's a grotesque campaign," he said. Tod MacKenzie, a spokesman for Frino Lay in Dallas, said Sabrinas was approached by the church to help sponsor the trip, and that they collaborated "on a program to reach millions in all corners of Mexico with images of the Virgin and the Pope." Proceeds from the sale of the 2 peso frame will be donated to the construction of a shelter for pilgrims next to the Basilica of Guadalupe in Mexico City, he said.

Reforma, which for two weeks has been running a front-page countdown to John Paul's arrival, is hardly in a position to poke fun at anyone for commercializing the visit. This week, the newspaper has been running half-page ads encouraging readers to buy special classified and display advertisements to "Send

your message to the Pope," enhanced, perhaps, with a picture, your name or a drawing of hands in prayer, the ad suggests.

Huge billboards by PepsiCo and Bimbo, a Mexican bread company, tout the papal visit along Mexico City's highways. The Bimbo ads have a picture of the Pope and the Virgin of Guadalupe, and proclaim that at the birth of a new millennium, "We Reaffirm the Faith." Pepsi placards and billboards cite the words of John Paul on a previous visit: "Mexico, Always Faithful." The signs add: "Pepsi — Official Sponsor of the Fourth Visit of His Holiness John Paul II to Mexico."

A spokesman for PepsiCo in New York said the ads "spread a positive message in a tasteful way."

"Our folks in Mexico don't perceive there's any controversy," he said.

Radio Red, a nationwide radio network, has bought full-page ads promoting its coverage and showing a smiling figure that looks like Jesus with his arm around the Pope's shoulder. The Mexican bank Bancomer SA, another official sponsor, is airing television spots advertising commemorative coins to mark the visit, with the bank's logo in the background.

TV Azteca, one of Mexico's main television

DOMAIN: Internet Name Game

Continued from Page 9

three supporting organizations, including the crucial central group that will make recommendations on domain name and registration policies.

Network Solutions has not been sitting around waiting for

NASDAQ

Friday's 4 P.M.

The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

A-C	High		Low		Total	
	PE	PE	PE	PE	PE	PE
High	1	2	3	4	5	6
Low	7	8	9	10	11	12
Stock	13	14	15	16	17	18
High	19	20	21	22	23	24
Low	25	26	27	28	29	30
PE	31	32	33	34	35	36
High	37	38	39	40	41	42
Low	43	44	45	46	47	48
Stock	49	50	51	52	53	54
High	55	56	57	58	59	60
Low	61	62	63	64	65	66
Stock	67	68	69	70	71	72
High	73	74	75	76	77	78
Low	79	80	81	82	83	84
Stock	85	86	87	88	89	90
High	91	92	93	94	95	96
Low	97	98	99	100	101	102
Stock	103	104	105	106	107	108
High	109	110	111	112	113	114
Low	115	116	117	118	119	120
Stock	121	122	123	124	125	126
High	127	128	129	130	131	132
Low	133	134	135	136	137	138
Stock	139	140	141	142	143	144
High	145	146	147	148	149	150
Low	151	152	153	154	155	156
Stock	157	158	159	160	161	162
High	163	164	165	166	167	168
Low	169	170	171	172	173	174
Stock	175	176	177	178	179	180
High	181	182	183	184	185	186
Low	187	188	189	190	191	192
Stock	193	194	195	196	197	198
High	199	200	201	202	203	204
Low	205	206	207	208	209	210
Stock	211	212	213	214	215	216
High	217	218	219	220	221	222
Low	223	224	225	226	227	228
Stock	229	230	231	232	233	234
High	235	236	237	238	239	240
Low	241	242	243	244	245	246
Stock	247	248	249	250	251	252
High	253	254	255	256	257	258
Low	259	260	261	262	263	264
Stock	265	266	267	268	269	270
High	271	272	273	274	275	276
Low	277	278	279	280	281	282
Stock	283	284	285	286	287	288
High	289	290	291	292	293	294
Low	295	296	297	298	299	300
Stock	301	302	303	304	305	306
High	307	308	309	310	311	312
Low	313	314	315	316	317	318
Stock	319	320	321	322	323	324
High	325	326	327	328	329	320
Low	321	322	323	324	325	326
Stock	327	328	329	320	321	322
High	323	324	325	326	327	328
Low	329	320	321	322	323	324
Stock	321	322	323	324	325	326
High	327	328	329	320	321	322
Low	325	326	327	328	329	320
Stock	323	324	325	326	327	328
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Low	321	322	323	324	325	326
Stock	327	328	329	320	321	322
High	325	326	327	328	329	320
Low	323	324	325	326	327	328
Stock	321	322	323	324	325	326
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Low	321	322	323	324	325	326
Stock	327	328	329	320	321	322
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Low	323	324	325	326	327	328
Stock	321	322	323	324	325	326
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Stock	321	322	323	324	325	326
High	329	320	321	322	323	324
Low	327	328	329	320	321	322
Stock	325	326	327	328	329	320
High	323	324	325	326	327	328
Low	321	322	323	324	325	326
Stock	327	328	329	320	321	322
High	325	326	327	328	329	320
Low	323	324	325	326	327	328
Stock	321	322	323	324	325	326
High	329	320	321	322	323	324
Low	327	328	329	320	321	322
Stock	325	326	327	328	329	320
High	323	324	325	326	327	328
Low	321	322	323	324	325	326
Stock	327	328	329	320	321	322
High	325	326	327	328	329	320
Low	323	324	325	326	327	328
Stock	321	322	323	324	325	326
High	329	320	321	322	323	324
Low	327	328	329	320	321	322
Stock	325	326	327	328	329	320
High	323	324	325	326	327	328
Low	321	322	323	324	325	326
Stock	327	328	329	320	321	322
High	325	326	327	328	329	320
Low	323	324	325	326	327	328
Stock	321	322	323	324	325	326
High	329	320	321	322	323	324
Low	327	328	329	320	321	322
Stock	325	326	327	328	329	320
High	323	324	325	326	327	328
Low	321	322	323	324	325	326
Stock	327	328	329	320	321	322
High	325	326	327	328	329	320
Low	323	324	325	326	327	328
Stock	321	322	323	324	325	326
High	329	320	321	322	323	324
Low	327	328	329	320	321	322
Stock	325	326	327	328	329	320
High	323	324	325	326	327	328
Low	321	322	323	324	325	326
Stock	327	328	329	320	321	322
High	325	326	327	328	329	320
Low	323	324	325	326	327	328
Stock	321	322	323	324	325	326
High	329	320	321	322	323	324
Low	327	328	329	320	321	322
Stock	325	326	327	328	329	320
High	323	324	325	326	327	328
Low	321	322	323	324	325	326
Stock	327	328	329	320	321	322
High	325	326	327	328	329	320
Low	323	324	325	326	327	328
Stock	321	322	323	324	325	326
High	329	320	321	322	323	324
Low	327	328	329	320	321	322
Stock	325	326	327	328	329	320
High	323	324	325	326	327	328
Low	321	322	323	324	325	326
Stock	327	328	329	320	321	322
High	325	326	327	328	329	320
Low	323	324	325	326	327	328
Stock	321	322	323	324	325	326
High	329	320	321	322	323	324
Low	327	328	329	320	321	322
Stock	325	326	327	328	329	320
High	323	324	325	326	3	

NYSE

Friday's 4 P.M. Close

(Continued)

12 Month High/Low	Stock	Div	Yld	PE	25		Low	Last	Chg
					High	Low			
245	123	Pompeii	5	17	—	1718	1516	1490	+16
18	123	Pompeii	75	47	—	7141	1416	1595	+16
145	201	Pordenon	—	—	—	179	49	47	+16
46	201	Pordenon	64	16	17	361	40	356	+16
22	121	Pordenon	12	5	19	214	214	207	+16
47	321	Porter	1.02	5	19	1581	361	348	+16
10	123	Porter	26	17	93	93	158	1470	+16
147	534	Porter	15	11	93	210	67	62	+16
449	277	PorterCo	52	11	93	379	379	370	+16
1001	545	PorterEl	48	7	98	1069	399	9116	+16
51	201	PorterEl	524	54	54	156	4	9116	+16
24	201	PorterG	—	—	—	12	273	1518	+16
521	334	PorterG	1.25	37	17	1684	157	1576	+16
247	113	PorterG	—	—	—	12	273	1518	+16
204	254	PorterG	—	—	—	12	273	1518	+16
81	201	PorterG	200	5	5	45	45	45	+16
505	254	PorterG	1.08	29	52	1242	92	456	+16
71	437	PorterG	2.00	13	42	1242	574	575	+16
501	343	PorterH	1.76	38	42	1020	271	241	+16
52	201	PorterH	1.25	37	42	1020	271	241	+16
527	201	PorterH	1.25	37	42	1020	271	241	+16
1071	42	PorterH	1.96	13	42	1020	271	241	+16
521	201	PorterH	1.38	13	42	412	414	253	+16
204	246	PorterH	0.94	92	42	616	616	616	+16
152	618	PorterH	0.5	23	42	128	72	616	+16
10	201	PorterH	1.25	37	42	1020	271	241	+16
204	246	PorterH	1.25	37	42	1020	271	241	+16
204	246	PorterI	—	—	—	12	273	1518	+16
10	817	PorterI	0.8	85	42	2057	704	595	+16
521	231	PorterI	0.44	14	42	2057	704	595	+16
204	246	Portcold	2.28	77	19	507	139	276	+16
10	201	Portcold	1.25	37	19	507	139	276	+16
204	246	Portcold	1.25	37	19	507	139	276	+16
521	201	Portcold	1.25	37	19	2897	42	416	+16
204	246	Portcold	1.25	37	19	2897	42	416	+16
11	201	Portcold	1.08	29	21	2057	704	595	+16
7	201	Portcold	1.08	29	21	2057	704	595	+16
64	201	Portcold	1.08	29	21	2057	704	595	+16
204	246	Portcold	1.08	29	21	2057	704	595	+16
10	201	Portcold	1.08	29	21	2057	704	595	+16
521	201	Portcold	1.08	29	21	2057	704	595	+16
204	246	Portcold	1.08	29	21	2057	704	595	+16
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204	246	Portcold	1.08	29	21	2057	704	595	+16
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204	246	Portcold	1.08	29	21	2057	704	595	+16
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204	246	Portcold	1.08	29	21	2057	704	595	+16
10	201	Portcold	1.08	29	21	2057	704	595	+16
521	201	Portcold	1.08	29	21	2057	704	595	+16
204	246	Portcold	1.08	29	21	2057	704	595	+16
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204	246	Portcold	1.08	29	21	2057	704	595	+16
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204	246	Portcold	1.08	29	21	2057	704	595	+16
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204	246	Portcold	1.08	29	21	2057	704	595	+16
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521	201	Portcold	1.08	29	21	2057	704	595	+16
204	246	Portcold	1.08	29	21	2057	704	595	+16
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10	201	Portcold	1.08	29	21	2057	704	595	+16
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521	201	Portcold	1.08	29	21	2057	704	595	+16
204	246	Portcold	1.08	29	21	2057	704	595	+16
10	201	Portcold	1.08	29	21	2057	704	595	+16
52									

NASDAQ

Our Latest Chips | 12 Month High Low

The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

Level	Ops	High										Low									
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1	Stock	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
2	Yield	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
3	Rate	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
4	Cost	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
5	Quality	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
6	Delivery	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
7	Flexibility	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
8	Service	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
9	Logistics	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
10	Inventory	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
11	Capacity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
12	Quality	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
13	Delivery	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
14	Flexibility	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
15	Service	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
16	Logistics	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
17	Inventory	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
18	Capacity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
19	Quality	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
20	Delivery	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

12 Month
High Low

The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

AMEX

Friday's 4 P.M. Close

The 150 most traded stocks of the day,
up to the closing on Wall Street.
The Associated Press.

Please Don

Emerging M

THE MONEY REPORT

BRIEFCASE

Japanese Brokers Rush to Internet

With the country's deregulation machine in high gear and public use of the Internet expanding, Japanese are finding it increasingly easy to learn the art of cyberspace investing. Nearly 20 Japanese brokerage companies offer on-line trading to individual investors. Most of the companies are adding new on-line accounts each month as more Japanese turn to the Web for investment advice. But the companies' traditional mindset of honoring entrenched interests and their lack of technological experience may hamper their ability to compete with foreign brokers.

Daiba Securities Co. blazed the trail when it established an on-line service in April 1996, about the time that some of the first U.S. electronic brokers began offering trading to American investors. But growth has been sluggish. Daiba has only 16,000 trading accounts, with other large Japanese firms trailing far behind.

Aside from the market doldrums—the Nikkei stock index is trading about where it was in 1986—one explanation for the slow growth is that there is no discount on transaction fees.

For transactions of less than 50 million yen (\$440,000), commissions are regulated at a fixed rate. Japanese individual traders must wait until later this year for the government to liberalize commissions.

Another stumbling block is the larger firms' general lack of enthusiasm for on-line trading. Most large brokerages, including Nomura Securities Co. and Nikko Securities Co., acknowledge that even as they introduce Internet-based trading, they find it difficult to aggressively promote the service because

of internal sensitivity. They do not wish to spook their commission salesmen with trades that bypass mediation human hands.

The top three firms, Daiba, Nikko and Nomura, charge an onerous annual fee of 12,000 yen for an on-line account, although smaller firms generally waive that charge.

But Mitsuhiro Nakano, a strategist at Daiba Institute of Research, said of the advent of on-line trading: "You can't really control it. You might offer some resistance, but sooner or later, someone else is going to come along" and take away the business.

That someone might be foreign brokers. Softbank Corp., for example, has joined with E-Trade to establish an E-Trade branch in Japan, intending to offer services to Japanese investors in the spring.

Meanwhile, smaller Japanese securities firms, such as Matsui Securities Co., Imagawa Securities Co. and Iwai Securities Co., are approaching Internet trading with enthusiasm. Matsui Securities, an industry maverick, said it expected its on-line trading to evolve into a pivotal business unit.

"In three years time, revenue from the two areas (off-line and on-line trade commissions) will have traded places," said Yoshihito Saito, director of system development at Matsui. In a bold move, the firm has already said that its on-line trading fees will be slashed to a third of the current level after liberalization.

James Fiorillo, financial sector analyst at ING Barings Securities (Japan) Ltd., said that since a majority of the Japanese brokerage companies will perish in the Big Bang deregulation, some smaller players may be setting up electronic trading as a means for survival. "How

can these firms survive without finding a niche of some sort?" he asked.

But analysts believe that Japanese firms, large or small, face tough competition, especially given the American prowess over Japan in both finance and information technology. A way to counter that for the Japanese, said Shogo Noguchi, Internet business analyst at Daiba Institute of Research, would be to combine human assistance in local branches with on-line trading, like Charles Schwab & Co. does in the United States.

But will Internet trading take off as it has in the United States? Based on government and private surveys, Mr. Noguchi estimates that the population of Internet users has now reached about 12 million, approximately 10 percent of the Japanese population. But Internet commerce is 40 to 50 times less than in the United States, he said.

Electronic trading could, however, lure back individual investors who had retreated from the market after its collapse early in the decade or who became alienated by scandals at large security houses.

Also, while the bulk of individual investors in Japan are retired people, Internet trading could draw a new generation of young, tech-savvy investors. In fact, most Japanese firms that offer on-line trading said that men in their 30s were the most active traders. (IHT)

WEBSITES FOR most of the brokers are in Japanese. Although they are potentially available to foreign investors, in reality Japanese residents can easily open accounts.

DAIBA: www.daiba.co.jp/

DAIBA SECURITIES: www.daiba.co.jp/

IMAGAWA: www.igasei.jp/

NOMURA SECURITIES: www.nomura.co.jp/

MATSUI SECURITIES: www.matsui.co.jp/

WAOK SECURITIES: www.waok.co.jp/

TOKYO GENERAL CORP.: www.tgc.co.jp/

YOSHINO: www.yoshino.co.jp/

YOSH

SPORTS

R SATURDAY-SUNDAY, JANUARY 23-24, 1999

PAGE 18

WORLD ROUNDUP

Chiefs Find a Coach

FOOTBALL Gunther Cunningham, the defensive coordinator behind the Kansas City Chiefs' usually tough defense, was promoted to head coach of the team Friday.

Cunningham replaces Marty Schottenheimer, who won 101 games in 10 years with the Chiefs but resigned unexpectedly on Jan. 11 following a troubled 7-9 campaign, his first losing season in 15 years as a head coach.

"Gunther has an unbelievable work ethic," the Chiefs' president and general manager, Carl Peterson, said. "Gunther is a player's coach, they listen to him and they respect him."

• Dave McGinnis' introduction as the new coach of the Chicago Bears is on hold.

The Bears announced Friday morning that they had hired the Arizona Cardinals' defensive coordinator, and scheduled an afternoon news conference to officially introduce him. But an hour after it was supposed to start, the Bears' vice president of operations, Ted Phillips, said there had been a delay.

"There are a number of issues that still have to be resolved, and we don't really have a timetable right now for when it will be resolved," he said.

(AP)

Struver Leads Event

GOLF Sven Struver of Germany shot his second straight 4-under-par 67 and took a 3-stroke lead after two rounds of the South African Open on Friday.

Struver's 36-hole total of 134 put him ahead of John Bickerton of England, who shot a 66 to move into contention.

Five players were another shot back: Scott Dunlap of the United States (65); David Frost (69) and Clinton Whitelaw (68) of South Africa; Paul McGinley of Ireland (69), and Mark Roe of England (67). Struver, 31, won the South African PGA title three years ago, the Dutch Open in 1997 and the Swiss Open last year.

Sprewell Is Officially Back

BASKETBALL Latrell Sprewell was reinstated by the NBA Friday after meeting with Commissioner David Stern.

The newest member of the New York Knicks, who drew the longest non-drug suspension in league history for his attack on the Golden State Warriors' coach, P.J. Carlesimo, is free to begin practicing with New York. The players' union director, Billy Hunter, the league's deputy commissioner, Russ Granik, and two other officials attended the meeting.

"Latrell has given us assurances that he will be able to control his anger both on and off the court in the future," Stern said. "Billy and I were both satisfied that he seems sincere in that commitment."

At their first practice Thursday night, Sprewell's new teammates said they were ready to forgive and forget his troubled past.

(AP)

Enqvist Reminds Rafter of His Limits

Novotna and Martinez Join Fallen Seeds

By Christopher Clarey
International Herald Tribune

MELBOURNE — It is too late for Patrick Rafter to whisper in Paul McNamee's ear about changing the Australian Open this year. Too late to suggest to the tournament director nicely — this is Rafter, after all — that the hard-court surface be made quicker and the balls lighter so that Rafter's serve-and-volley style can play as well at home as it does in New York.

Rafter is the two-time defending U.S. Open champion, but in eight appearances at the tournament that matters most to him, he has never advanced past the fourth round. His legs are still powerful, his reflexes still quick

AUSTRALIAN OPEN

and his hair still a little too long and unkempt for the taste of some older Australians, yet his game is not quite the same at Melbourne Park.

On Friday, it was Thomas Enqvist's turn to remind the third-seeded Rafter and the nation that admires him of his limitations. Along the way, the straight-talking, flat-hitting Swede reminded the tennis world that he was playing as well as anyone this January.

"I think the conditions suited him really well, and I think he played too big and strong for me," said Rafter, whose 6-4, 4-6, 6-4, 6-4 loss means that Pete Sampras, who chose to skip this tournament to rest, will remain No. 1 when this Grand Slam event ends.

Nonetheless, it was hardly a reaffirming day for the pecking order. Marc Rosset, a mountain of a man from Switzerland, put an end to Britain's hopes by defeating Tim Henman, seeded sixth, in straight sets, 7-6 (7-5), 6-3, 7-5. In the night session, in a match that was played indoors after the retractable roof over center court was closed to the rain, Wayne Ferreira of South Africa was consistently brilliant in his defeat of No. 9 seed Richard Krajicek, 6-7 (1-7), 6-7 (5-7), 6-4, 6-2, 6-3.

With only half of the third round complete, a mere five of the 16 men's seeds remain and, for the first time in the history of the Australian Open, all four of the top seeds are out.

But to call any of the surprise vic-

tories Friday a major upset would be a stretch. Enqvist, Rosset and Ferreira are all former members of the Top 10 who have dropped back because of injuries.

"There are a lot of Top 10 players out there that aren't in the Top 10," Rafter said. "The men's game is very close. Unfortunately, it's not like women's tennis."

In years past that observation might have rung true, but Friday provided plenty of evidence that although unseeded men rid themselves of inferior complexes long ago, women rapidly are acquiring the same attitudes.

First came Maria Antonia Sanchez Lorenzo's perplexingly lopsided 6-3, 6-0 upset of Jana Novotna, the No. 3 seed and reigning Wimbledon champion. Then came Chanda Rubin's more circuitous 7-6 (7-3), 4-6, 6-4 victory over Natasha Zvereva, the No. 15 seed. Last came Emilia Loi's 7-5, 6-1 defeat of Conchita Martinez, the No. 9 seed.

"I think the attitudes are changing," said the 20-year-old Loi, who mixed her strokes and shuffled her tactics with aplomb. "I think there is a psychological difference now, and the more examples there are of players in the Top 100 beating players in the Top 10, the more it will keep happening."

Nonetheless, when Loi sat down on the changeover at 5-0 in the second set, she said, she started to tremble. But she stopped trembling long enough to close out the match.

"Today, I went on the court to win," Loi said. "Two years ago, I would have gone on happy to win three games so I didn't look ridiculous."

It has been a disastrous tournament for the Spaniards. Of the 22 men's and women's players who came here, including Alex Corretja and reigning French Open champion Carlos Moya and Arantxa Sanchez Vicario, the only one who has not been eliminated is Sanchez Lorenzo, a baseliner ranked 65th who lost in the first round of every Grand Slam event last year.

"I'm very happy for myself, but I'm a little sad for my friends," said Sanchez Lorenzo, who comes from Salamanca and polished her game at the Barcelona academy run by Luis Bruguera, father of former French Open champion Sergi Bruguera.

Novotna, seeded third, had not come to Australia since 1995 but changed her plane late last year, in part because the difference among players at the top of the rankings is very small.

Perhaps the 30-year-old Czech should have maintained her routine. Novotna often struggles in the wind because of her slice backhand and attacking game. But the wind that has coursed through Melbourne Park this week could not have been the only explanation for her absent-minded, error-filled performance.

"I am just still in a state of shock, really not knowing what went wrong, and it was just a nightmare," said Novotna, who could not remember when she had last lost a set at love.

Rubin was a semifinalist here in 1996, beating Sanchez Vicario, 16-14, in the third set in the longest women's match in Australian Open history. But a broken bone in her right hand and subsequent surgery on it forced her to miss

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RICK STEVENS/THE ASSOCIATED PRESS

Thomas Enqvist knocking out the No. 3 seed in Melbourne on Friday.

nearly six months that year, and she has been trying to reach the same heights ever since.

Defeating Zvereva in another lengthy match should help. "It makes you appreciate the game a little bit more," Rubin, ranked 30th, said. "I'm just out here working hard for as long as I can. I feel like I can do as well as I did and better."

While Rubin and Zvereva were still trading groundstrokes, Rosset was firing huge forehands and first serves in the direction of Henman. Rosset is the son of a banker from Geneva, but with his thick beard and shaggy hair, the 6-foot-7-inch Swiss looks like he just returned from a very long walk in the woods.

At last year's U.S. Open, he and his coach, Pierre Simolo, booked seats and then changed their minds the day of

Biathlon Triumph for Italian

The Associated Press

ANTERSELVA, Italy (AP) — René Cattaneo of Italy captured his first World Cup biathlon victory Friday, hitting all the targets and winning the men's 10-kilometer sprint.

Corinne Niogret of France also shot perfectly and skied to victory in the women's 7.5-kilometer sprint, beating Magdalena Forsberg of Sweden and Olena Petrova of Ukraine.

Cattaneo completed the course in 26 minutes, 40.4 seconds, beating Frank Luck of Germany by 52 seconds.

The results vaulted Luck to the top of the World Cup standings, with 233 points after 12 events.

Sven Fischer of Germany, who led the standings coming into the event, did not compete in Anterselva and slipped to fourth place with 221 points.

Luck, who missed one target, edged out his compatriot Ricco Gross, who was third in 27:32.5.

Ole Einar Bjørndalen of Norway

placed fourth.

Cattaneo takes a 52-second advantage into the 12-kilometer pursuit event on Saturday.

Niogret has a lead of 16 seconds going into the women's 10-kilometer pursuit, also scheduled for Saturday.

The Frenchwoman completed the sprint in 22 minutes, 53 seconds while Forsberg finished in 23:09.

Kjus Captures 4th Downhill, Closing Gap With Maier

The Associated Press

KITZBUHEL, Austria — Lasse Kjus of Norway flew to his fourth downhill victory of the season Friday, while the double Olympic champion Hermann Maier crashed, intensifying the race between the two skiers in the overall World Cup rankings.

After mastering the World Cup circuit's longest course last week in Wengen, Switzerland, Kjus tamed the most dangerous, winning the two-leg Streif sprint down in 2 minutes, 14.13 seconds.

"To win Kitzbuhel after winning Wengen is amazing," said Kjus. "But I can't celebrate the victory too much, because there is another race tomorrow."

With a string of recent successes, Kjus has been closing the gap with Maier, the current leader, in the overall World Cup standings. This latest victory left Kjus just 69 points behind Maier.

In his second run here, Maier skidded out of control after his outer ski slid out from under him. He ran full tilt into the security fence, raising a huge spray of snow behind him.

"I thought I was too passive in the upper part of the course so I wanted to give a last push, but unfortunately the light had changed and I landed too far on the Hauserkante jump," Maier explained. "I tried to recover but I just couldn't."

Kjus's victory, his second in a row, solidified his position as a favorite in the coming world championships, which run from Jan. 30 to Feb. 14.

Goetschl Gets 3d Victory

Renate Goetschl outshone both her Austrian teammates and her strong German rivals Friday in a World Cup super-G, claiming her third season victory and ending a four-year winless streak in the event. The Associated Press reported from Cortina d'Ampezzo, Italy.

"For the first time in many years, I had a great super-G race," said the 23-year-old Austrian. "I have refound my confidence."

Goetschl, leader in the World Cup downhill standings, won back-to-back downhills in Lake Louise, Alberta, in November. But she had not won a super-G race since 1995.

The Austrian posted a time of one minute, 13.25 seconds, edging Martina Ertl of Germany by just four-hundredths of a second.

Goetschl skied aggressively on the steep and winding upper course but won the race in the flatter, lower portion.

"That was a really good run and really fast skis," said Goetschl, winner of the combined event in the downhill and slalom at the 1997 world championship.

Ertl, who has won 12 races in her career, has yet to claim a victory this season.

"I was a little bit unlucky to be just four hundredths behind Renate," said Ertl. "I am always happy to be on the podium, but I keep hoping that next time I will win."

Regine Cavagnoud of France, who captured her first victory Thursday after eight years on the ski circuit, was third.

SCOREBOARD

ICE HOCKEY

NHL STANDINGS

ATLANTIC DIVISION

W L T Pts GF GA

Philadelphia 24 15 7 10 52 129 116

Pittsburgh 20 14 7 42 55 122 113

N.Y. Rangers 17 21 7 4 117 123

SPORTS

2d Delegate Resigns From IOC

Libyan Quits as Olympic Panel Readies Report on Ethics Scandal

The Associated Press

LAUSANNE, Switzerland — The International Olympic Committee delegate from Libya resigned Friday, the second member to step down rather than face possible expulsion in the Salt Lake City bribery scandal.

The IOC president, Juan Antonio Samaranch, said that Bushin Mohammed Attarabulsi of Libya resigned in person, one day before an IOC panel ends its investigation into the worst ethics scandal in Olympic history. Mr. Samaranch said Mr. Attarabulsi, 61, an IOC member since 1977, quit because of revelations his son received college scholarships at Utah schools from Salt Lake City boosters.

"I accepted his resignation and I thanked him for his 22 years as a member of the IOC, what he did for sport in his country and for us," Mr. Samaranch said. "He's a good man."

Mr. Samaranch said Mr. Attarabulsi made "a mistake."

Mr. Attarabulsi's son, Sulhi, has said he received tuition at Brigham Young University and other Utah schools, plus \$700 a month for expenses.

Pirjo Haeggman of Finland resigned Tuesday. She was implicated because her former husband got jobs through bid committees from Salt Lake and Toronto.

"I think the Salt Lake folks were out to win friends, and they clearly thought friends would be more likely to support them than enemies, and did everything they could to strengthen those friendly ties," the IOC vice president, Dick Pound, told marketing executives in New York. "It is unfortunate that a community that is so well prepared to host an

Olympic Winter Games should have its overall integrity called into question."

The IOC director-general, Francois Carrard, said Mr. Attarabulsi and Mrs. Haeggman resigned in the "higher interest of the Olympic movement."

Mr. Samaranch did not rule out further resignations this weekend, when he is to receive an internal IOC report on corruption from Mr. Pound. He said 13 members were implicated in the IOC's investigation into cash payments, scholarships, medical treatment, gifts and other inducements related to Salt Lake City's winning bid for the 2002 Winter Games.

Olympic officials have identified other members accused of serious violations, including possible corruption: Agustin Arroyo (Ecuador), Zein el Abdin Ahmed Abdel Gafar (Sudan), Jean-Claude Ganga (Republic of Congo), Laime Keita (Mali), Charles Mukora (Kenya), Sergio Santander (Chile) and David Sibande (Swaziland).

Four members cited for lesser infractions are: Anton Geesink (the Netherlands), Louis Guimond-N'Diaye (Ivory Coast), Kim Un Yong (South Korea) and Vinti Smirnov (Russia).

Also, Mr. Carrard said the IOC has discussed giving back a Swiss tax concession. He said the matter was reviewed because the IOC did not want to embarrass Swiss authorities.

In other developments:

• Britain's sports minister, Tony Banks, said Friday his country will not bid for the Olympics until the IOC "cleans up." Simon Clegg, chief executive of the British Olympic Association, called for Salt Lake to forfeit the 2002 Winter Olympics. His organiza-

tion wants the bid process overhauled.

• The Dutch newspaper *De Telegraaf* reported Friday that Brazil's Joao Havelange, a long-standing IOC member and former president of soccer's governing body, FIFA, accepted lavish treatment by Dutch officials trying to bring the 1992 Games to Amsterdam.

• The Dutch newspaper *Laatstdingen* reported Friday that Mr. Ganga, the IOC member from the Republic of Congo, asked the Ostersund, Sweden, bid committee for the 1994 Winter Games to build a handball arena in the Congo, and that Mr. Sibande sought money for a plane ticket. *Laatstdingen* quoted a bid committee member, Stig Hellström.

Later Friday, Mr. Ganga denied accepting bribes and charged his accusers with seeking to unseat Mr. Samaranch. He said he would not resign from the IOC.

• Utah legislators want to tighten oversight of Olympic finances for the 2002 Winter Games. State Representative Jordan Tanner's bill to create a panel of 12 senators and representatives was approved Thursday in committee and sent to the full House for consideration.



Bruins' center Tim Taylor reaching for the puck while spinning under an Ottawa defenseman, Wade Redden, in Boston's loss to the Senators.

Trade Frenzy Begins in NBA As Lockout Officially Ends

By Mike Wise
New York Times Service

NEW YORK — Karl Malone and Charles Barkley are staying put, Latrell Sprewell and Scottie Pippen have moved on to New York and Houston, and Dennis Rodman still has no idea where he will end up.

On what may be remembered as the most chaotic day in modern NBA history, a flurry of transactions flooded the league's offices as teams scrambled to fill out their rosters in the lockout-shortened season.

The lockout was officially lifted at 2 P.M. on Thursday, New York time, as many teams opened training camp with half-full rosters and awaited players whom they had acquired in deals that had not yet been approved by the league. The shortened 50-game season begins Feb. 5 and ends May 5.

The Knicks took part in the day's most talked-about trade, acquiring the controversial Sprewell from Golden State for John Starks, Chris Mills and Terry Cummings.

Some of the day's other developments included the following:

• Charles Barkley, speaking from the Bob Hope Chrysler Classic in La Quinta, California, has apparently decided to re-sign with the Houston Rockets and join Scottie Pippen and Hakeem Olajuwon on the league's most star-studded front line.

• Karl Malone met with Utah Jazz owner Larry Miller, and has decided to remain in Utah after saying, last summer, that he would never play for the Jazz again.

• Damon Stoudamire agreed to re-sign with the Portland Trailblazers for \$81 million over seven years, making him the highest-paid point guard in the NBA.

• Antoine Walker has apparently agreed to a six-year, \$71 million contract extension with the Boston Celtics. Walker, in the final year of his three-year rookie contract, will team with Tony Battie, who was acquired from the Los Angeles Lakers for center Travis Knight.

• The Charlotte Hornets wasted no time in adding Derrick Coleman, announcing the signing of the free agent power forward just minutes after the official opening of training camp. Coleman received \$40 million over five seasons. But Vlade Divac and Matt Geiger did not re-sign with the club. Divac apparently is headed to the Sacramento Kings, and Geiger signed with Philadelphia.

• Miami Heat shooting guard Voshon Lenard was found to have a stress fracture in his left leg. He is expected to undergo surgery and be out for 8 to 10 weeks.

• After a deal with the Nuggets seemed to be unraveling, Antonio McDyess reached an agreement to return to Denver. McDyess was traded from Denver to Phoenix 15 months ago and both teams were bidding for his services. His new contract with Denver is a six-year deal worth a reported \$65.7 million.

Meanwhile, Rodman's agent, Dwight Manley, said that his client would not sign with any club before the coming week. The 37-year-old rebounder is likely to attract several offers.

Islanders Break Through

New York Beats Penguins to End Winless Streak

The Associated Press

Joe Sacco scored a shorthanded goal as New York ended an 11-game winless streak by beating the Pittsburgh Penguins in Pittsburgh, 5-2, in Bill Stewart's first game as the Islanders' coach.

Stewart, who had been an assistant under Mike Milbury, was named head coach Thursday afternoon after Milbury resigned to focus on his duties as general manager. Stewart was coach of the year in the American Hockey League.

NHL ROUNDUP

last season, when he led the St. John's Flames to the Calder Cup final.

The Islanders had been 0-10-1 since beating Boston, 4-2, on Dec. 26. They also had lost nine consecutive road games.

Flyers 4, Capitals 1 Eric Lindros tied his career high with a goal in his seventh straight game as Philadelphia defeated Washington.

Lindros' 26th goal, second only to teammate John LeClair, gave the Flyers a 3-0 lead 33 seconds into the second period.

Senators 3, Bruins 1 In Boston, Sami Salo scored his first NHL goal as Ottawa beat the Bruins. The Senators broke a seven-game winless streak against Boston and improved to 10-1-3 in their last 14 games.

Red Wings 4, Hurricanes 1 In Detroit, Chris Osgood made 25 saves and just missed scoring his second career goal as the Red Wings ended a three-game winless streak. Nicklas Lidstrom had a goal and an assist for the Red Wings, who won for just the seventh time in their last 21 games.

Penguins 2, Rangers 1 Recently returned Pavel Bure made an impact for the second straight game, scoring a second-period goal as Florida beat the

New York Rangers at Madison Square Garden. Bure, who had two goals in his Florida debut in Wednesday night's 5-2 victory over the New York Islanders, broke a scoreless tie with a breakaway goal.

Maple Leafs 4, Blues 2 Steve Thomas and Todd Warinner each had a goal and an assist as visiting Toronto beat St. Louis.

Jeff Reese was effective in relief of the All-Star goalie Curtis Joseph, who suffered a mild groin strain late in the first period, as Toronto wrapped up a 4-1 road trip.

Lightning 3, Predators 2 Darcy Tucker tipped in a goal in the third period and Bill Ranford stopped 34 shots as Tampa Bay beat the Predators in Nashville.

The victory was Tampa Bay's second straight, giving the Lightning back-to-back victories for the first time since a three-game winning streak at the end of October.

Blackhawks 3, Canadiens 0 Jocelyn Thibault, facing his old team for the first time since a Nov. 16 trade, stopped 33 Montreal shots as the Blackhawks blanked the Canadiens in Chicago.

Avalanche 4, Flames 2 In Denver, Joe Sakic scored two power-play goals and Rene Corbet had a goal and an assist as Colorado won its fifth straight. Sakic's second goal broke a 2-2 tie at 6:08 of the third period.

Mighty Ducks 3, Coyotes 3 In Phoenix, Paul Kariya scored Anaheim's last goal and Dominic Roussel had 41 saves as the Mighty Ducks beat the Coyotes.

Devils 3, Kings 2 Scott Niedermayer scored the decisive goal 42 seconds into the second period as visiting New Jersey edged Los Angeles.

Sharks 3, Oilers 3 Patrick Marleau scored twice for host San Jose and Bill Guerin scored twice for Edmonton as the teams skated to a tie.

Samaranch Should Resign From IOC

New York Times Service

NEW YORK — If the International Olympic Committee were a major business corporation, the directors and the stockholders would not be amused right now. The IOC is essentially in disgrace, visible to the world as lacking normal discipline or, one could even say, ethics.

The IOC, which preaches sportsmanship to the world, has been exposed as allowing, by benign neglect at best, perhaps more than 10 percent of its 114 delegates to reap personal gain by playing bidding games against each other.

Any organization can deal with the lone wolf who cheats. What has happened at the IOC is much worse: a network of greedy delegates, opportunistic agents and cities on the make.

This is a mess. The corporations that pay the bills of the Olympic movement are understandably nervous. They do not want to commit additional money to the next set of Games until they can be reassured that their corporate logos are not going to be caught up in some decade-long Olympicate.

Imagine a Kenneth Starr-type prosecutor quivering with delight at the hint that Salt Lake City credit cards had been used for "escort services" to entertain visiting delegates.

International corporations know what to do after an embarrassment or a bad quarter or two. The directors summon the chief executive officer into the corporate suites and give him the world's biggest bailout. The process is cold-blooded, but it protects the company from a leader who may have lost touch.

The IOC does not have that kind of

oversight because it is in the control of Juan Antonio Samaranch, 78, the can-do since 1980. His hamfisted ways in a telling interview in The Wall Street Journal this week indicate that Samaranch is not about to implement reform in the final two years of his term.

To give Samaranch his due, the IOC has expanded from merely a haven of the tired and the privileged to include new leaders such as the American rower and lawyer, Anita Delfranco, now an IOC vice president. Samaranch has sometimes been an eloquent voice for peace.

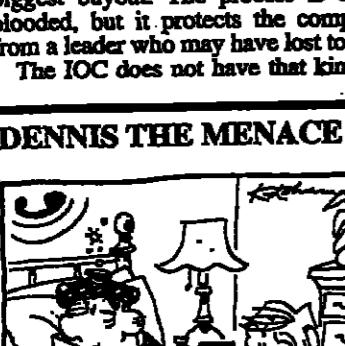
The issue is not whether Samaranch may have issued the odd shotgun in Salt Lake City or the samurai sword in the IOC on Sunday.

"As the president of an international organization, he receives protocol gifts," the IOC vice president Richard Pound said Thursday. "But whatever he gets goes back to the IOC, either on display or in storage."

Pound, a Canadian, a former Olympic swimmer, with a good reputation and vigorous involvement in Olympic business, can be counted on to document some of the blatant abuses.

However, that would only be the first rudimentary step toward a more modern and democratic IOC that better served athletes without ignoring graft. This meeting in Lausanne is the ideal time for Juan Antonio Samaranch to serve the Olympic movement and resign.

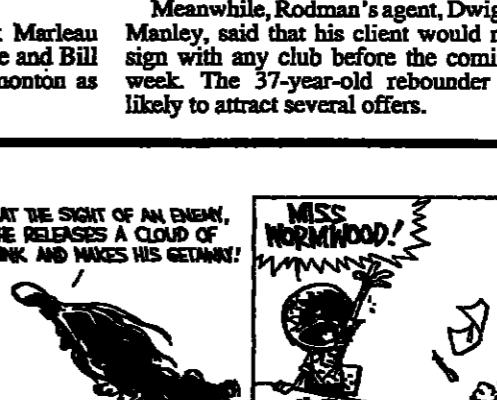
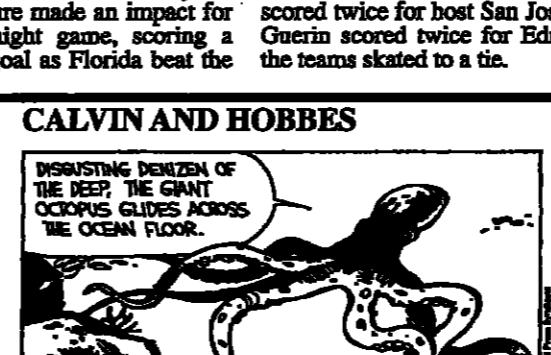
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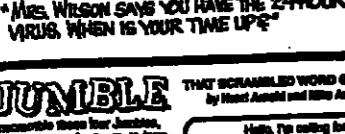
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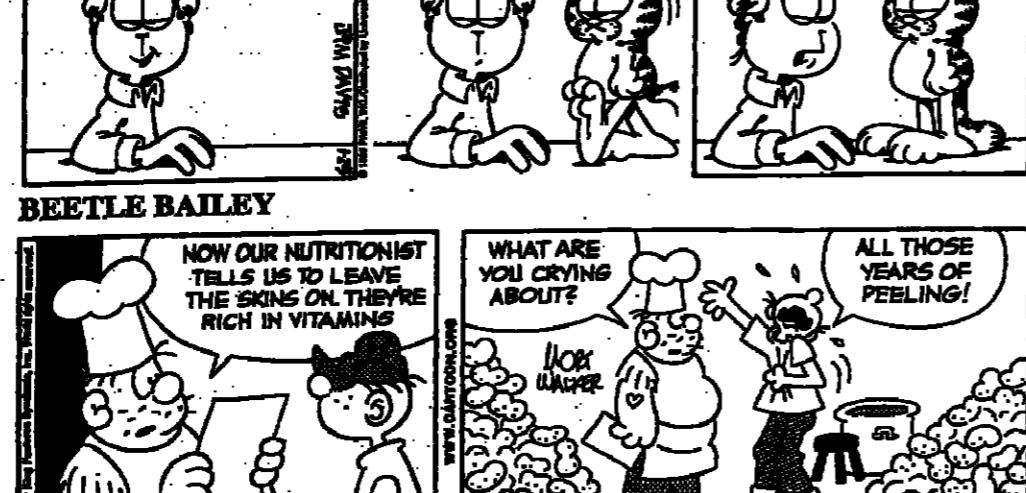
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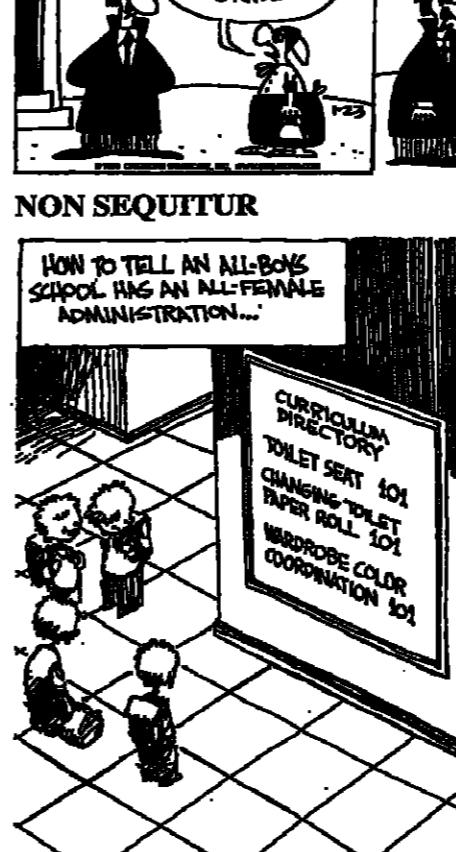
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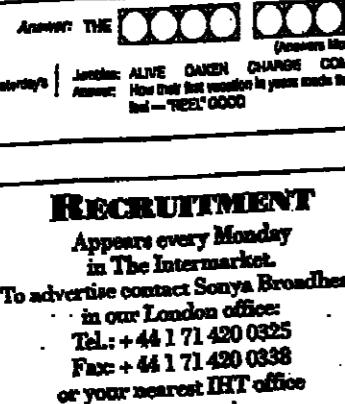
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BLONDIE



RECRUITMENT



DAVE BARRY

Paper Beats Rock!

Miami — In case you've been too busy to follow the Trial of the Century in the U.S. Senate, here's the complete official transcript so far:

SERGEANT AT ARMS: Hear ye! Hear ye! Hear ye! All persons shut up and pay attention for the trial of the impeachment of the president of the United States, William Jefferson Clinton, on charges of messing around! No chewing of gum!

SEN. LOTT: At this time, in accordance with the Senate Big Book O' Rules, Senator Thurmond shall swear in the Chief Justice of the United States.

SEN. THURMOND: Raise your right hand.

(The Chief Justice raises his hand.)

SEN. THURMOND (whispering to Lott): Why is he raising his hand?

SEN. LOTT: You told him to.

SEN. THURMOND: I told who to?

SEN. LOTT: The Chief Justice.

SEN. THURMOND: Well, that's different. (To the Chief Justice:) Do you solemnly swear to tell the whole truth and nothing but the truth, until death do you part?

CHIEF JUSTICE: I do.

SEN. THURMOND: You do what?

SEN. LOTT: At this time, the Chief Justice shall administer the Oath of Solemn Swearing to all senators hereinbefore present.

CHIEF JUSTICE: Do you solemnly swear that in all things appertaining to and in pursuance of the trial of the impeachment of William James Madison Clinton, cross your heart and hope to die, including engine and transmission for three years or 30,000 miles, whichever comes first?

SENATORS: I do.

CHIEF JUSTICE: At this time, the Chairman of the House Judiciary Committee shall present the Articles of Impeachment of President Abraham Lincoln Clinton.

REP. HYDE (presenting the articles): Check out these babies.

SENATORS: Whoa.

CHIEF JUSTICE: The articles of impeachment of President William Woodrow Wilson having been presented, the Majority Leader and the Minority Leader shall now proceed with the Choosing of Who Goes First.

SENS. LOTT and DASCHLE: Once, two, three... shoot!

CHIEF JUSTICE: The Chair observes that the Minority Leader made a rock and the Majority Leader made paper. The Chair rules that paper beats rock.

SEN. DASCHLE: I didn't make a rock! I made a crab!

SEN. LOTT: Objection! This is Rock, Paper, Scissors!

You can't make a crab!

SEN. DASCHLE: Yes I can! Look! He's waving his claws!

CHIEF JUSTICE: The Chair rules that paper beats crab. The prosecution shall proceed.

REP. HYDE: For its first witness, the prosecution calls to the stand White House aide Sidney Blumenthal. Mr. Blumenthal, please state your name.

MR. BLUMENTHAL: I don't recall.

SEN. THURMOND: Me either.

REP. HYDE: Mr. Blumenthal, would it be fair to state that you remind a lot of people of some kind of burrowing carnivore?

PERRY MASON: Objection, your honor! He's badgering the witness!

REP. HYDE: The prosecution calls Monica S. Lewinsky. Miss Lewinsky, on the evening of Nov. 15, 1995, did you go to the White House wearing "thong" style underwear?

MISS LEWINSKY: Yes...

REP. HYDE: And are these the underwear in question?

PERRY MASON: Objection! He's wearing them backward!

REP. HYDE: And while you were thus bethonged, Miss Lewinsky, did the president, William Baines Johnson, to your knowledge, commit a high crime or misdemeanor or take some form of gander?

SEN. THURMOND: Are we voting on Barbecue Safety Awareness Week?

REP. HYDE: Not right now.

SEN. THURMOND: Good, because I'm against it.

MISS LEWINSKY: Yes.

REP. HYDE: Yes what?

MISS LEWINSKY: I don't recall.

SEN. THURMOND: Or maybe I'm for it.

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We shall proceed with the Choosing of Who Goes First.

By Kaori Shoji

TOKYO — Setouchi Jakuchō enters a room and all conversation ceases. Fascinated eyes scrutinize her small figure, taking in every detail from the top of her perfectly shaved head down to the elegant sandals that adorn a pair of white, tiny feet. The looks are appreciative, even sexual, as if aimed at a model just stepped off a runway from a particularly radical, Yohji Yamamoto collection.

Actually, they are appraising a 77-year-old Buddhist nun, the reigning dowager novelist of Japan. Setouchi brings her hands together in a prayer and bows. It is only after she has sat down, arranged the folds of her *kesa* and presses everyone to sit as well, that the spell is broken and people are jolted into movement.

When an admirer takes out a camera, Setouchi rises graciously, saying, "You would like to take a photo? Well I won't say 'cheese.' I always say 'Genji.' " As those in the room dissolve in polite but delighted laughter, the shutter clicks and the flash goes off.

The remark about *Genji* reveals that Setouchi is as much businesswoman as writer.

Having completed the modern Japanese translation of "The Tale of Genji," Setouchi has been on a nonstop lecture circuit for 14 months, covering Japan from end to end and grinning "Genji" before a million cameras.

She has enjoyed success through her 50-plus-year writing career, but nothing quite like this. More than 2 million copies of the book have been sold so far. Setouchi admits that she has been pleasantly surprised, though "when you think about it, it stands to reason."

She adds: "With the economy in such bad shape, people want an escape hatch. Something that's totally removed from their present state. And what can be better than a 1,000-year-old love story of royalties?"

Written by Lady Murasaki Shijo

Setouchi Jakuchō Takes Japan Back 1,000 Years

Setouchi dared to translate the book "into plain language."

asks, "People hear 'Genji' and immediately they talk in whispers, like in a museum. Hah, ridiculous! 'Genji' should be read on a sofa with a box of cookies in hand."

After all, there was nothing very sexual about Genji's affairs (or all the flowery language) since they always began with what she calls "forced sex."

"It was rape, really," Setouchi says. "But the women of that era couldn't hope for much better. Re-

lationships began when a man broke into their chambers and ended when he stopped coming around. And remember that all marriages were arranged by the parents and used as political leverage."

Genji also used his many conquests to climb the political ladder: "The Shining Prince wasn't exactly shining with innocence. I suppose that's what Genji's women wanted, too."

Kaori Shoji is a writer based in Tokyo.

PEOPLE

FRANKFURT, the birthplace of Johann Wolfgang von Goethe, is planning dozens of cultural events this year for the 250th anniversary of his birth. The official start of events honoring Goethe will be a performance of the first part of his dramatic poem "Faust" at the Frankfurt Schauspiel theater on Jan. 30, under the title "World Citizen Goethe — Open World of Frankfurt." That will be followed by more than 170 concerts, readings and exhibitions, over the next weeks and months, city officials said. The final celebration will be on his 250th birthday, Aug. 28, with a citywide festival and performances at the Alte Oper opera house.

The model Cindy Crawford is pregnant, the Miami Herald reported. Crawford married the businessman and former model Randy Gerber last May in the Bahamas. The child is expected in late June, the newspaper reported.

The author Salman Rushdie has con-

tributed lyrics to a new song by the Irish rock band U2, The Guardian newspaper reported Friday. Rushdie, who lived for nearly a decade under an Iranian death sentence prompted by his 1989 book, "The Satanic Verses," gave U2's lead singer, Bono, the lyrics from his new novel, "The Ground Beneath Her Feet." The romantic ballad also to be called "The Ground Beneath Her Feet," will be on U2's next album, the report said.

"Bono and I have been friends for several years, and I sent him the novel when I'd finished it, and he responded by coming up with this beautiful melody," the newspaper quoted Rushdie as saying. "Simple as that, but of course very pleasurable." The author's collaboration with U2 would not be his first. He appeared on stage with the band in London in 1993.

Kirk Douglas and his wife, Anne, have given a total of \$738,000 to 38 recipients of the Playground Enhancement Awards, financed by the Douglas and two foundations to create and restore play areas for children. "The

children of Los Angeles deserve to have clean, safe places to play," the actor said. "Anne and I firmly believe that playing not only leads to better learning, but is one of the basic rights of childhood that we should all work to protect." This year's awards are meant to create playgrounds for 56,000 children.

Burton Roberts, the model for the fiery judge in Tom Wolfe's "The Bonfire of the Vanities," is not exactly known for his patience. Maybe that's why the former Bronx judge's retirement lasted only about as long as other people's vacations. Just three weeks after leaving his position as chief administrative judge of the Bronx, Roberts announced that he was joining the law firm Fischer Badillo Wagner Harding. Roberts spent a half-century in public service law, as a prosecutor, district attorney, judge and finally chief administrative judge. This will be the first time he has worked in private practice. He was required under New York state law to retire from the bench at 76.

LIMELIGHT — The actors Alain Delon, left, and Stephane Freiss going to a rehearsal in Brussels of the play "Variations Enigmatiques," a transfer from Paris.

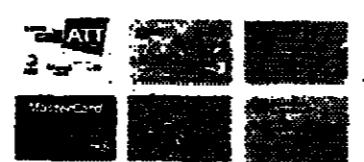
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